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RATES ADVISORY COMMITTEE.

GENERAL REVISION

OF

RAILWAY RATES AND CHARGES.

PROCEEDINGS OF MEETING

HELD ON

12TH MAY, 1920.



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MINISTRY OF TRANSPORT.

GENERAL REVISION OF RAILWAY RATES, TOLLS AND CHARGES.

OLD HALL, LINCOLN'S INN, W.C.2.

Tuesday, 11th May, 1920.

Terms of Reference :—

"The Minister having determined that a complete revision of the rates, fares, dues, tolls and other charges on the railways of the United Kingdom is necessary, the Committee are desired to advise and report at the earliest practicable date as to :—

- "(1) The principles which should govern the fixing of tolls, rates and charges for the carriage of merchandise by freight and passenger train and for other services.
 - "(2) The classification of merchandise traffic, and the particular rates, charges and tolls to be charged thereon and for the services rendered by the Railways.
 - "(3) The rates and charges to be charged for parcels, perishable merchandise and other traffic conveyed by passenger train, or similar service, including special services in connection with such traffic."
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The evidence is issued in uncorrected form, and any inaccuracies should be notified to the Secretary, Rates Advisory Committee, Ministry of Transport, Gwydyr House, Whitehall, S.W.1.

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MINISTRY OF TRANSPORT.

RATES ADVISORY COMMITTEE.

GENERAL REVISION OF RATES AND RAILWAY CHARGES.

PROCEEDINGS OF MEETING

HELD ON

12TH MAY, 1920.

PRESENT:—

F. GORE-BROWNE, Esq., K.C. (*Chairman*).
W. J. DAVIS, Esq.
W. A. JEPSON, Esq.
L. A. MARTIN, Esq.
W. M. ACWORTH, Esq.
S. J. PAGE, Esq. (*Secretary*).

SECOND DAY.

MR. J. H. BALFOUR BROWNE, K.C., appeared for The Federation of British Industries.

SIR JOHN SIMON, K.C., SIR LYNDEN MACASSEY, K.C., MR. BARRINGTON WARD, K.C., and MR. BRUCE THOMAS appeared for the Railway Companies' Association.

MR. ROWLAND WHITEHEAD, K.C., appeared for the St. Helens and Widnes Manufacturers and Traders.

MR. ROWLAND WHITEHEAD, K.C., and MR.

EDWIN CLEMENTS appeared for the Iron and Steel Federation.

MR. G. H. HEAD appeared for the Livestock Breeders' Association.

MR. JACQUES ABADY (instructed by Sir Thomas Ratcliffe-Ellis) appeared for the Mining Association of Great Britain.

SIR ROBERT ASKE (instructed by Messrs. Botterell & Roche and Hill Dickinson & Co.) appeared for the Chamber of Shipping of the United Kingdom and Liverpool Steamship Owners' Association.

Chairman: Mr. Balfour Browne, since you addressed us last night I have been looking to see what was done in America with regard to the question of the fixing of rates. I see a Report was made by the Committee on Railroads of the Chamber of Commerce of the United States, one of their proposals was: "The enactment of a statutory rule providing that railroad rates and fares fixed by the Interstate Commerce Commission shall be such as will yield the railroad companies, in each of such traffic sections as shall be designated by the Commission, aggregate revenues which will provide (after provision has been made for renewals and depreciation) a net return upon a fair value (determined by public authority) of the property devoted to the public use. This net return should be sufficient in amount to enable the carriers to furnish the public with adequate facilities and efficient and economical services." That seems to have been submitted to the Chambers of Commerce of the United States and to have been carried by 1,223 votes to 209. There was then a programme adopted by the Chambers of Commerce at a meeting, and there it was slightly altered, and the recommendation read, "Enactment of a statutory rule providing that railroad rates and fares authorised by the Inter-state Commerce Commission shall be designed to yield the railroad companies, in each of the traffic sections that shall be designated by the Commission, aggregate revenues which will provide (after allotment has been made for renewals and

depreciation) such net return upon a fair value (determined by public authority) of the property devoted to the public use as will be sufficient in amount to enable the carriers to obtain at reasonable cost the capital required to furnish the public with adequate facilities and efficient and economical service." Then there was a meeting of a National Transportation Conference composed of men from finance, commerce, industry, agriculture, labour and transportation, economists, State and Federal Railroad Commissions, and the Railroad Committee of the Chamber of Commerce of the United States; and they suggested that it should be—"Aggregate revenue sufficient to produce, after proper provision has been made for renewals and depreciation, a net return (which shall be available for interest and dividends) of not less than 6 per cent. per annum upon the aggregate fair value of the property of the railroads devoted to the public service in each of the several sections. The items of 'renewal and depreciation' shall also include unproductive improvements not properly chargeable to investment account and against which no capital or capital obligations shall be issued." Then ultimately the Legislature passed an enactment that the Commission were to fix the rate—"that the Commission shall from time to time determine and make public what percentage of such aggregate property value constitutes a fair return thereon; and the percentages to be uniform throughout the country. In making

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[Continued.]

such determination it shall give due consideration, among other things, to the transportation needs of the country and the necessity (under honest, efficient and economical management of existing transportation facilities) of enlarging such facilities in order to provide the people of the United States with adequate transportation." Now, are those the general principles with which the Federation of British Industries would agree—I do not say the 6 per cent., because that is a figure which must depend upon the financial position of the Company.

Mr. Balfour Browne: Not quite. I had not seen those documents to which you have been good enough to call our attention, but I had gathered generally, both from the address given by the Minister of Transport and also from the article I read yesterday, that that had taken place in the United States. But it took place, as you see, after the amalgamation of the companies.

Chairman: The companies are not yet amalgamated.

Mr. Balfour Browne: They are now formed into units.

Mr. Jepson: No.

Mr. Balfour Browne: That is what I understood. Formed into units, and they are to control about 15,000 miles of railway. I think those documents you have just read spoke of the sections which are to be formed, and the rates that are founded on the 5 per cent. or 6 per cent. are for those sections and not for the individual companies.

Chairman: It was proposed that there should be grouping just as it is proposed there should be grouping in this country; and therefore it is a recommendation made while the proposal was still before the country. It has not yet been carried into effect. What we want to know is whether the general principle advocated by the traders when they say the principal bodies be recommended that the railways should be put upon a commercial basis, whether they should be in a position reasonably to pay dividends, with many minor adjustments, and in addition to that whether it should be such a position as would enable them to raise further capital upon reasonable terms—such matters as electrification, extending their goods yards, making short cuts, and so forth.

Mr. Balfour Browne: I could only answer that in the affirmative after certain qualifications. For instance, the railways in this country are not only carriers but they carry on a great number of other trades.

Chairman: I am only asking about the general principle. There must obviously be a number of modifications and qualifications. You would not throw the hotels into transportation?

Mr. Balfour Browne: I should say if it were absolutely confined to the railway itself, apart from cartage, apart from terminals, apart from hotels, apart from steamboats—if it were absolutely confined to conveyance, I think it is quite fair they should have an adequate return for the capital fairly represented and used in the permanent way.

Chairman: You exclude terminals, but I do not know why.

Mr. Balfour Browne: Why I exclude them is that at the present time the traders have a right to have the terminals fixed by a Tribunal on the basis of cost; and as Sir George Beharrell said yesterday with regard to cartage, he only claimed cost plus profit. If I am a trader between London and Bolton I do not want to have anything to do with the loss that, for instance, the London and North Western might make (I do not know whether it does make a loss) upon its steamers carrying traffic to Ireland. I do not want to have the loss on the St. Pancras Hotel (if there is one) if I am sending by the Midland. On the other hand, it is perfectly fair that for the railway itself, that being used by the public, there ought to be a fair living wage. I do not know whether it is an answer to your question, but I think it is all I can give at this particular juncture. I have confined myself, and am confining myself entirely, as you know, to the first of the matters

you mentioned yesterday on page 1 of the print—the principles which should govern the fixing of tolls, rates, and charges, for the carriage of merchandise by freight and passenger train and for other services. The other two matters—classification, and the particular rates and charges which are to be charged with those I am perfectly incompetent to deal. By my very argument these are commercial questions, and by my very argument I am out of court because they are not questions of principle and not questions of law, they are questions for practical men to determine. With regard to this I am in favour of "direct action" rather than of representation, even by counsel. I have very little more to say upon these general principles. There is one thing I omitted to say yesterday in my objection to the Railway Commission. If I said one word against that Tribunal as a legal Tribunal I was entirely wrong. It is constituted in a way that commands respect. It is because it consists of lawyers, and mainly because it is a very expensive Tribunal to do before—these are my objections. But I have one further thing that I did not mention. As you know, with the long courses that railway companies have whenever a matter is of any importance at all, they can take it from the Railway Commission to the Court of Appeal in this country, and when the Commission sits in Scotland they can take it to the Court of Session, and so in Dublin. If the Court of Session happens to differ from our Court of Appeal here, or the one in Dublin, they can go to the House of Lords. There are contingencies at which a trader must look when he goes to fight a railway company before the Railway Commission, and the expense is absolutely prohibitive. Yesterday I was asked a considerable number of questions—if I were in another place I would say "hocked," but I do not want to use any such word here—both by Mr. Jepson and by Mr. Acworth as to the question of, for instance, an impecunious company as against a company that was paying its way. I think you will find Mr. Jepson's questions printed on the notes at page 25. Mr. Acworth had mentioned the Great Central, and Mr. Jepson said, "What is going to be the position, taking the illustration Mr. Acworth has used, of Sheffield and London? You have the Midland and the Great Northern carrying at a profit. Because the Great Central are not making a profit you would give them a lower rate between Sheffield and London. What becomes of the traffic?" Then I said, "Probably the Great Central will get considerably greater proportion of it." Mr. Jepson then said, "By carrying it under that scheme they would make a profit, and the other companies would lose." That is quite true; but there is another aspect of the question I want you to consider, especially having regard to what has fallen from the Chairman. Instead of mentioning impecunious companies and companies which are making a profit—which might be invidious—I have made a diagram (in imitation of Sir George Beharrell) showing three companies running from London to the North, and I have called them A, B, and C. Taking the words from Mr. Jepson, A is a company which is making a profit and C is a company which is making a profit, but B is one that is not—it has speculated by coming to London when there was no necessity for it, and it is making a loss. Now, supposing you come ultimately to fix the rates, when you come to inquire into A you find that it is making (let me choose the American figure for the purposes of illustration) $5\frac{1}{2}$ per cent. for its shareholders after paying working expenses. Suppose that. Then there is nothing to do with regard to the rates. The rates are sufficient; they are a living wage. So with regard to C—possibly the Midland; it has been paying its shareholders, after working expenses (we will say) $5\frac{1}{2}$ per cent. The rates on both A and C are therefore sufficient. But B comes and says, "I have made nothing; I am only getting enough to pay my working expenses; I must have a living wage." Therefore if these are separate undertakings you would have to give a living wage to B. That would increase B's wage; and, as Mr. Jepson pointed out, the result of that would be not that B would get the traffic but that

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[Continued.]

B would lose the little traffic it has if it charged the rates you fix, and all would go to A and C; because I know as well as anyone that Railway Companies must agree rates between competitive points. What is the good, therefore, of giving B a living wage when it cannot charge it? The result of that is in the United States they have said, "Before dealing with a living wage for these companies at all we will combine the whole three of them." That is my interpretation of it. I may be wrong, and it is for you to correct me if I am.

Mr. Jepson: There was no suggestion that the company B should have a higher rate than the other two. Your suggestion yesterday was that that should be a lower rate.

Mr. Balfour Browne: I am suggesting now that if you go upon the principle that these are to be dealt with separately you will not have to increase the rates upon A or C, but would have to increase the rates upon B, and B could never charge them.

Chairman: Except yourself, has anyone proposed that there should be separate rates?

Mr. Balfour Browne: I do not know. If they are to be the same rates, what is the result—that B must go on making a loss and not get a living wage. Living wage does not depend upon the rates, it depends upon the volume of traffic. One company I mentioned yesterday—as it is a very prosperous company I may mention it again—the Barry Railway Company, is carrying enormous amounts of coal traffic and getting upon that traffic a very small profit return; but it is paying 10 per cent. And the real reason why A and C pay is not because the rates are high but because the volume of traffic is enormous; and the reason why B does not pay is that it has not succeeded in getting sufficient traffic.

Mr. Jepson: May I assume a case—assume the Barry case. You know that in the recent revision the coal rates were treated exceptionally. There was an increase of only 25 per cent. on the rates.

Mr. Balfour Browne: Yes.

Mr. Jepson: The working expenses of the Barry Company have gone up over 100 per cent. as those of most of the other railway companies have. The Barry Company are now presumably able to pay the same dividend as they paid pre-war, because if there was any margin between the 25 per cent. increase on rates and their expenses it is being made up by the other companies. That is to say, the railway companies are being treated as a whole by the Government when they guarantee the pre-war net receipts; and one can imagine that the 25 per cent. which the Barry Company will get to meet the increased expenses will not meet them, and the difference is being made up out of the pockets of the other companies. It is very much the same as the case of the B company, of which you spoke just now.

Mr. Balfour Browne: Yes.

Mr. Jepson: What is to be the position supposing—

Mr. Balfour Browne: I am not speaking of the present condition of affairs, because, of course, they all being in the hands of the Government, there is really a system of pooling going on.

Mr. Jepson: Yes. When that system of pooling comes to an end, however, how do you suggest that should be dealt with as far as the Federation of British Industries is concerned?

Mr. Balfour Browne: If there is pooling, of course there would be taking out of one pocket and putting into the other.

Chairman: If there is no pooling can you give us a suggestion—can you give us a system as to how we can put the railways on a proper basis?

Mr. Balfour Browne: Amalgamation. I may be wrong in saying it has occurred in the United States, but I should say that a partial pooling should certainly come first.

Chairman: When you say "amalgamation" do you mean unification into one railway or into groups?

Mr. Balfour Browne: I am so ignorant of the matter that I would not like to pledge my view, but I

understood large groups. If you have them all pooled it perhaps means what I believe my clients object to—namely, nationalisation. But at the same time I think that if you had large groups you could deal with them in the way that Mr. Jepson has just mentioned, pool the traffic, and in that way there would be no injury to the company B because company A and company C would have the pool and would have to contribute to the benefit of the inferior company.

Chairman: Is your suggestion on behalf of the Federation of British industries that, after the grouping had taken place, each group should be under an obligation to pool with the other groups?

Mr. Balfour Browne: No. For instance, take two groups for Great Britain—one in England and the other in Scotland; I think there should be pooling for England and pooling for Scotland.

Chairman: Supposing it is decided—it is not in our hands—that there should be groups within England; that, for instance, there should be an East Coast group, a West Coast group, and a Southern group. I do not know what will be done in the least, but supposing that is done. How would you arrange for each company to get its fair share?

Mr. Balfour Browne: You ask me a very difficult question. With regard to grouping, remember that before the War grouping had taken place. The West Coast companies, the London and North Western, the Midland and the Lancashire and Yorkshire had grouped themselves; and in answer to that the East Coast companies, the Great Northern, the Great Eastern, and the Great Central had grouped themselves. I do not know, of course, what the terms of the arrangement were, but it was certainly to put an end in each case to useless and wasteful competition. That was the object. I am speaking only for myself, I have not consulted the Federation, but I thought it was a very good object.

Chairman: Apart from what has happened in the past, has the Federation any proposal for how we could bring up the case of railways which are not in such a favourable position as their neighbours if we had a uniform rate? An obvious instance will occur to you, the railways south of the Thames get very little advantage from coal traffic.

Mr. Balfour Browne: I have my own views, but I have not consulted the Federation and I should not like to express any view upon that subject.

Chairman: Very good.

Mr. Balfour Browne: Meantime my illustration was only to point out the difficulty of doing the business while there are still 132 independent railway companies in this country.

Mr. Acworth: I do not quite understand your illustration. A, B, and C before the War had, broadly, the same maximum rates?

Mr. Balfour Browne: Yes.

Mr. Acworth: As far as we know, their expenses have increased in the same proportion—there is no reason to suppose that they have not.

Mr. Balfour Browne: Probably.

Mr. Acworth: Well, then, if you started with equality and you added an equal percentage, why do you now propose to introduce inequality? You propose now, as far as I understand, that B should have a lower rate than A and C. They had the same maximum before, and their expenses have increased equally.

Mr. Balfour Browne: No. Remember that my proposition is not to give these companies an adequate return upon their capital.

Mr. Acworth: No.

Mr. Balfour Browne: My proposition is that A, B, and C should charge rates relative to the cost, and the cost of these three lines, as you say, would probably be the same—the mere cost of carriage.

Mr. Jepson: The cost without capital.

Mr. Balfour Browne: Yes. I cannot guarantee the capital of a company which is absolutely a bankrupt.

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[Continued.]

Chairman: Are you really asking us to advise that nothing should be given for capital?

Mr. Balfour Browne: No, I am not. I said if you can confine the question of capital simply to the permanent way—to the actual thing that is used for the conveyance rate—that the capital should be considered.

Chairman: And in regard to terminals, you think although a company may have spent £10,000,000 on providing terminals, they should have no interest on it.

Mr. Balfour Browne: I think if a company has wasted capital—

Chairman: Never mind about wasting—spent; if it has spent on buildings, stations, and sidings and all matters known as terminals, do you say they ought not to have interest on what they have spent?

Mr. Balfour Browne: I think these ought to be left out largely. Under the amalgamation many of them will be scrapped, and therefore they are not useful for transportation.

Chairman: Do you mean the goods yards will be scrapped?

Mr. Balfour Browne: A great many of the stations.

Chairman: Can you tell me that the goods yards should be scrapped.

Mr. Balfour Browne: Many of them.

Chairman: Is there a surplus of goods yards at present?

Mr. Balfour Browne: Both in London, Manchester and Liverpool. Take the case of Liverpool. Long ago Sir George Findlay said: "The stations in Liverpool have cost us £2,000,000 while the line between Manchester and Liverpool costs us only £1,000,000." Why was that enormous sum spent on these railway companies who are competing in Liverpool with separate stations and carting to those stations for nothing in order to get the traffic? It was competition that caused that. When you stop the competition you stop that. I told you yesterday there were 74 stations in London, and I believe that many would be unnecessary. I think it is wrong to say that merely because a railway company in a breakneck competition has spent money, that this money should be recognised as capital.

Chairman: Speaking for myself, I should want some evidence to show that there should be some reduction in the number of goods yards, and so on.

Mr. Balfour Browne: I am only speaking from instructions, of course, but you shall have the evidence.

Mr. Jepson: I suppose you say that all this capital, which you say may have been wasted, has all been raised under Parliamentary authority?

Mr. Balfour Browne: Yes. If you stick to the Parliamentary bargain I would not have anything to say; it is because, as Sir Eric Geddes said, the railway companies could not stick to the Parliamentary bargain, that they could not pay their way, that a revision of that Parliamentary bargain had to be made; but when a revision of a bargain has to be made, both parties should be consulted—not only the railway companies who naturally say they want their dividends, but the traders who also say they want their goods to be carried at as low a rate as is compatible with justice. I am afraid I have taken up too much of your time.

Mr. Jepson: I think this is a very important question, because it will concern the Committee as to the amount of money they are to be asked to raise later. You say that capital or value is not to be taken into consideration in fixing the rates, and one would like to hear from the Federation what should be the basis of the amount of money to be raised by any revision of rates for the railway companies in the aggregate.

Mr. Balfour Browne: I have not said it is not to be considered. I said the question was what was fair cost, and in cost, as I gave in an illustration yesterday in answer to Mr. Acworth, you must include the

carrier's cost of buying his horse and cart. That is capital expenditure. His cost is not merely going to the station with my goods. He says, "The cost of my horse and cart was so much, you must consider that." In cost you must do that, too. But I say you are to confine the railway companies, if you are to give them capital or value, to their real statutory trade, which is carrying on the railway. If they choose to have made lines that are useless and that are a loss to them, is the trader to pay for those lines?

Mr. Jepson: How are we to get at it?

Mr. Balfour Browne: I think, luckily, that is not for me but for the Tribunal that has to fix the rates. But let me take another illustration—the St. Pancras Hotel which was at one time called "Price's Folly."

I do not know whether it is a success or not, but—
Chairman: I do not think we need trouble about the hotels, as they stand in a different position. They are distinguished in the accounts and can be easily picked out.

Mr. Balfour Browne: They are not; neither the working expenses nor the capital is distinguished in the accounts.

Mr. Jepson: You do not go so far as to suggest on behalf of the Federation that this Committee should be governed by the pre-war standard?

Mr. Balfour Browne: Yes; I understand we must take that. This is merely a temporary arrangement, and the pre-war standard is what we shall have to go back to if the railways are handed back without further legislation. Of course, I know there will be further legislation, but I cannot speculate what it will be. I do not know what Parliament may, in what we call its "wisdom," do.

Mr. Acworth: I understood you to say that you wanted to confine railways to their statutory business as carriers?

Mr. Balfour Browne: On the railways only.

Mr. Acworth: Do you suggest that terminal business is not statutory?

Mr. Balfour Browne: No.

Mr. Acworth: Leaving out carting, of course we will not discuss that.

Mr. Balfour Browne: I say no. In the first place you know that the stations are not mentioned in the Act of Parliament; they are determined upon by the railway company after the Act has been got. They are not sanctioned. And that, further than that, I know at the present time that if I dispute the charge for terminals, either for accommodation or for services, I can go to the Railway Commissioners and have it settled.

Mr. Acworth: I thought they were fixed by the Provisional Orders of 1892.

Mr. Balfour Browne: The maximum.

Mr. Acworth: Just as much as the conveyance rates.

Mr. Balfour Browne: You will find under Section 15 of the Act of 1875—which is still in existence—if there is any dispute about them they can go to the Railway Commissioners. It is not a statutory work. If you remember the old Acts of Parliament which came up for the consideration of the Court in *Hall v. the Brighton and South Coast Railway*—

Mr. Acworth: That was before the Act of 1888.

Mr. Balfour Browne: Yes, I said the old Acts of Parliament. And in *Soverby*, which came after the Act, in both old clauses were brought up which said the railway company may charge in addition to the conveyance for services incidental to the business and duty of a carrier. That was a carrier by road. It was held in *Hall and the Brighton and South Coast Company*—

Mr. Acworth: Need we discuss what was the position before the Orders of 1892?

Mr. Balfour Browne: May I say that that case was also considered by Lord Balfour of Burleigh and Mr. Courtney Boyle, and it was on the basis of that that certain terminals were allowed as maxima?

Mr. Acworth: They are now statutory for maxima.

Mr. Bruce Thomas: Section 15 of the Act of 1875 excludes all terminals that are fixed by Act of Parliament; they are now excluded by the Provisional Orders.

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[Continued.]

Mr. Jepson: I thought the Act and legislation of 1875 with regard to terminals was because, except in one or two special Acts, there was no mention of a figure for terminals. The railway companies were to charge what they liked, and if anyone had a complaint they could go and have it settled by the Tribunal; but when the Rates and Charges Orders were fixed with regard to maximum terminals that was to do away with all this litigation.

Chairman: Do not let us discuss the past. What we want to discuss are the matters which need amendment in the future.

Mr. Balfour Browne: Then let me pass from these matters of dispute to some that are agreed. The distinction we were asked about by the Minister as to ordinary express service, the distinction that exists in France, we do not favour, and I am glad to say that the railway companies are all against it; so that the railway companies are all against it; so that I say nothing more upon that. The most important matter that we have to ask you to regard with regard to the future is an absolute distinction between the charge for conveyance, as separate from terminals, station and service cartage, and other duties performed by the railway companies. We think if that is done there will be a considerable protection for the trade of this country. At the present time most of the rates include a great number of those services, and we have still a right—although my friend says that Section 15 is subject to terminals—to go to the Railway Commissioners under Section 14 (I think it is) to ask for a disintegration of those rates. It is not effective. Railway companies cannot disintegrate rates, especially if they have not been fixed in the way they ought to be, and they have been generally fixed on exceptional rates of what the traffic will bear. It is not effective. What we want is a disintegration from the beginning: first, showing conveyance; second, station terminals; and, third, service terminals, and with not merely maxima but actual. It cannot matter to the railway company; they have got sufficient money; but it does matter materially to the trader to know what he is being charged and for what he is being charged. That is, I assure you, from the information I have, one of the matters that the traders whom I represent have most at heart—to have an absolute disintegration of the actual rates.

Mr. Acworth: This is very important, practically. If one of the members of the British Federation write to the railway companies—as they do nowadays—and ask what is the rate from A to B for hardware—what do you desire that the company should reply? Shall they reply, “20s.” or shall they reply, “11s. plus 4s. 9d. plus 5s. 6d.”

Mr. Balfour Browne: I do not want to write to the railway company at all. I want this Tribunal, or some other Tribunal which is to fix rates, to tell me the rate between London and Market Harborough, what are the terminals I am charged at either end, and what services I have to pay for.

Chairman: I want to understand that. Do you mean there are to be exceptional rates?

Mr. Balfour Browne: No.

Chairman: Then you see Mr. Acworth's question arises immediately. Supposing there is an exceptional rate between Market Harborough and London for hardware, and a man writes and asks what he has to pay; must the company in answering say, “So many shillings for traffic, so many pence for station terminals, so many pence for service terminals, and so many pence for loading and for unloading,” or would he be allowed to answer in one figure?

Mr. Balfour Browne: In one figure. I think an exceptional rate ought to be built up in the same way. If you say the actual rate between London and Market Harborough is 20s. and a special rate is asked for a large quantity—say 15s.—I say that ought to be disintegrated in the charge exactly as the 20s. is.

Mr. Acworth: Disintegrate where—in the rate book or in the answer to the individual trader?

Mr. Balfour Browne: In the answer to the individual trader as to what rate he can have, and also

in the rate book in order that I, if I have not a special rate, can see if I am being unfairly treated.

Mr. Acworth: This is of the utmost importance. The traders write hundreds of letters every day asking for rates. What they really want to know is what they have got to pay. Now, which do you suggest they are to be told?

Mr. Balfour Browne: May I say they want to know what they have to pay and for what they have to pay? Supposing two traders write from the same place, London, and say they want a special rate to Market Harborough; the one is going to use the station, and the other has a siding in connection with the line—the rates should be different.

Mr. Acworth: I want to get at a practical policy. There are thousands of letters written every day by thousands of traders to scores of railway companies; they ask what they have to pay; not one in one thousand cares how it is made up, any more than you care when you pay for a coat how much is cloth, how much is rent, and how much is profit; you only want to know how much you have to pay for the coat. I want you to tell me, if a man writes and asks what is the rate from Market Harborough to London for cheese, which is he to be told—three figures or one figure?

Mr. Balfour Browne: Three figures. I am speaking, of course, not from any view of my own but from the view of the traders I represent.

Mr. Acworth: They wish all these to be given in three figures?

Mr. Balfour Browne: I think so; and the three figures are important in this respect, that one man may want only two of the services while another may want three.

Mr. Martin: Where a trader has a siding now it is difficult to tell what he is to be allowed if that siding is used, and your object is that the trader should be able to claim for the actual services performed by the trader for the railway company?

Mr. Balfour Browne: That is so. At the present time, for instance, a railway company may, if I may illustrate it—may quote to each trader a 15s. special rate from London to Market Harborough, but they say to the trader with a siding, “We will give you a rebate.” I say I do not want a rebate; I want to have a rate quoted without any charge for the station.

Mr. Martin: You want a conveyance rate?

Mr. Balfour Browne: Yes, that is the principle we go upon.

Mr. Jepson: I should like to point out that the machinery you have suggested would not effect what you want.

Mr. Balfour Browne: Very likely not. *Mr. Acworth:* It would give you, so far as the station rate is concerned, a division between conveyance rates, station terminals, and service terminals, but it would not give you a rate to the private siding or the charges made in relation to conveyance in connection with the private siding. So your trader would still be at a loss to know the total charge.

Mr. Balfour Browne: In a great number of cases, as you know, the railway companies quote to a siding exactly the same as the station rate, and you said yesterday, I think, that in many cases the railway companies had allowed the full station rate even when the stuff went to a siding. It was not a station rate, but they held in that particular case that the particular service rendered to the trader at the siding were equivalent to the station rate. That is perfectly fair. No siding owner ought to object to pay if the railway company have to do services in connection with his siding; but I am taking a case in answer to Mr. Martin where the trader gets no services at all and the other does—they ought to be charged differently.

Mr. Jepson: Yes, I quite follow.

Mr. Acworth: I think we are coming to find that you will have to give the trade first priority because very likely he is using the station and the services at one end but not at the other; so that if he asks for a rate from London to Market Harborough he will have to get a service terminal and a station terminal at each end separately, and also the conveyance rate.

Mr. Balfour Browne: Even then I would not hesitate to say that I should have the larger number.

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MR. J. H. BALFOUR BROWNE, K.C.

[Continued.]

Mr. Acworth: You would like to have it?

Mr. Balfour Browne: Yes.

Mr. Jepson: And all those elements should be inserted in the rate book?

Mr. Balfour Browne: Yes.

Mr. Martin: The traders want a conveyance rate, and the differences shown in that book show that a trader can go and see.

Mr. Balfour Browne: Quite. We say that no advantage should be given to foreign merchandise over merchandise of this character. The Act of 1888 has a very curious provision. It is in section 27, and it reads as follows. Most of the powers exercised by the Railway Commission, as you know from the Act, are discretionary powers; they can do a thing or cannot do a thing. In this particular case this Court is forbidden doing something. It says, "Provided that no Railway Company shall make, nor shall the Court"—that is the Court of Appeal—"or the Commissioners, sanction any difference in the tolls rates or charges made for, or any difference in the treatment of, home and foreign merchandise, in respect of the same or similar services." That is a very curious provision inserted, I believe, in that Act of Parliament when it was in the House of Lords, but of course assented to by the Commons. There has been only one case under that section and that was a complaint, I think, which was brought by the Mansion House Association on behalf of certain farmers at Petersfield and Alton against the London and South Western Railway Company. They said, and I believe it was a fact, that the Railway Company charged them for cheese, butter and hams and things of that sort, 18s. a ton to carry them to London, while on the other hand the London and South Western Railway were carrying American produce of exactly the same kind from Southampton at 5s. a ton. It seemed hard to the particular traders at Petersfield and Alton, but the Railway Commissioners said that that was justified because they were not the same or similar services. As if the people who drafted that section of the Act of Parliament had not been aware that foreign merchandise must come in a ship. Of course it comes in a ship and you never can have a similar service in this country. You have no traffic landing inland in a ship; of course, aeroplanes may make a difference in time, but they have not up to the present. We want to be protected against unfair foreign competition.

Mr. Jepson: Before you pass from that, is that the considered view of the Federation with regard to foreign produce, because I imagine that the London and South Western Railway Company's answer to that case would be this, if we did not carry for 5s. between Southampton and London the traffic would go by sea to London, so that the inland trader has to meet the same competition in London and the London and South Western have lost the traffic.

Mr. Balfour Browne: It is quite likely it would have gone to London, but it would have gone to the Port of London Authority instead of to the Southampton docks and the London and South Western would have lost the traffic.

Mr. Jepson: The competition in London with the Alton trader would have been the same. Are the Railway Companies to be prohibited in future from carrying this traffic in competition with Ports?

Mr. Balfour Browne: Now the Ports in London and the Southampton Docks would be under the Minister of Transport.

Chairman: Does that matter in the least.

Mr. Balfour Browne: He can regulate that thing. I think foreign produce should be very carefully looked at, and it should be seen that it is only carried upon fairly similar terms to home produce.

Mr. Jepson: Is the suggestion of the Federation that the Railway Companies are not to carry such traffic in future? There is a very large or was a very large cross-country traffic between Hull and Liverpool in competition with Antwerp, and very large cross-country traffic between Liverpool and London in competition with sea. Now we have Southampton and London. Are the Railway Companies in the view of the Federation to be prohibited from carrying that traffic?

Mr. Balfour Browne: I think so far as the Federation consists of farmers they would say yes, and would say under those circumstances you are putting a very serious handicap on British produce by bringing in American produce and carrying it, past our doors at a rate of 5s. when you have charged us 18s.

Mr. Jepson: Although the competition would remain the same whether they carried it or not.

Mr. Balfour Browne: Quite. Then there was another question asked by the Minister as to export rates. Export rates, again speaking for the Federation, seem to be rather a matter of high policy than of railway domestic management. I suggest that, as at present, there ought to be export rates which would enable the traders of this country to compete with foreign countries; and I should suggest that that should not be a matter dealt with by the Tribunal with fixed rates, but should only be a matter which should be dealt with as a matter of high policy, either by the Board of Trade, or, if he continues to exist, by the Minister of Transport. It has been a convenience in the past, and the traders would like to see it continued in the future, but the regulation of it, I think, should be in the hands of the Government.

Then there is another question, only one word about it, with regard to classification. I say I have nothing to do with it and do not understand it, but we are asking that in future there should be one classification and not two. At the present time, as you know, there is a Statutory classification and a working classification, and that is very apt to confound and confuse traders, and we are most anxious that there should be one classification.

Chairman: Would you prohibit a Railway Company from giving a trader the advantage of putting him in a lower classification than was originally fixed?

Mr. Balfour Browne: I would, because that may amount to an undue preference of that particular trader or an undue prejudice of the other.

Chairman: I did not mean one trader but one commodity. Would you allow a Railway Company to come to the conclusion that the classification was a little too high and put it in a lower class?

Mr. Balfour Browne: In that case there ought to be power as there is to-day of altering the classification by putting it in a lower class.

Chairman: Then your answer is that they must not do it without fresh sanction from Parliament.

Mr. Balfour Browne: In the meantime, I am speaking subject to correction, I think they have to go to the Railway Commission to alter the classification.

Mr. Jepson: To the Board of Trade.

Mr. Acworth: You cannot alter.

Chairman: Do you mean that it may be an alteration in the statutory classification or may never be one. If it is a statutory classification it cannot be altered. If it may be altered then you would have two; you would have the statutory and the altered one. I take it at the present time that the only distinction between the statutory classification and the other is that the Railway Companies have granted certain concessions. They could not put a man in a higher class.

Mr. Balfour Browne: If a statutory classification there can be a provision in the Statute that that can be altered by the Board of Trade at any time on the application of the Railway Company. It could easily be altered.

Chairman: You would again have two just as you have now. If you looked at the Statute you would find a certain classification and if you looked at the history of the case you would find an altered one. I take it that all the alterations at present have been in the interest of the trader.

Mr. Balfour Browne: The alterations would be incorporated.

Chairman: I am asking you a question at present. Is it not the fact that all the alterations have been in the interest of the traders?

Mr. Balfour Browne: No, I think not.

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Mr. J. H. BALFOUR BROWNE, K.C.

[Continued.]

Chairman: Has the Railway Company in any case put the classification above the statutory one?

Mr. Balfour Browne: I do not think so.

Mr. Jepson: They could not do it.

Chairman: It is impossible. Therefore, every alteration that has been made up to the present has been in favour of the trader. You wish that negatived, forbidden.

Mr. Balfour Browne: It is in favour of particular traders.

Chairman: No, it is in favour of a commodity. In the classification you only get a commodity, it is not for individuals. The classification has as we understand been altered in the interest of the trader by putting some commodities lower than they would have been if the Statute had been adhered to. You want that prohibited.

Mr. Balfour Browne: There are certain commodities which compete with certain others, for instance, it was decided that shale—

Chairman: Do you want that prohibited? If you will answer that there is an end of it.

Mr. Balfour Browne: I want to have one classification and the alterations in that instigated by the Railway Company or the traders, if necessary sanctioned by the Board of Trade before they come into force and that would be still a part of the classification and the trader would be able to see it instead of having to go to two classifications as at present, the statutory one and the working classification.

Mr. Jepson: Is not that proposal quite inconsistent with the other one you have proposed of maximum rates. You can scarcely have maximum rates instituted without having a classification to which they apply, can you?

Mr. Balfour Browne: Certainly you have to have it applied.

Mr. Jepson: Would you apply the maximum rates to the working classification which is subject to alteration from time to time at the instance of the traders or the Railway Companies?

Mr. Balfour Browne: I do not call it a working classification, I call it a statutory classification to which the Railway Company must work and I would apply the rates to that.

Mr. Jepson: So that it would be a statutory classification.

Mr. Balfour Browne: Yes. Then, sir, I do not want to say anything more than I did yesterday about the minimum distance or short distance clause except to point out that the Railway Companies in their answer to you say that the charge should be increased. We do not think it should, of course, but they say in view of the high cost of short hauls. There they take into consideration I think, rightly, the question of cost. With regard to terminals I say cost has to be considered. With regard to increases after the Act of 1894 cost has to be considered—these are the decisions of the Court—and in regard to carriage cost has to be considered. The only other matter in which we say cost ought to be considered is in relation to conveyance. With regard to the unit of charge we agree, of course, it should be a ton, but the traders I represent have something to say with regard to truck loads and I leave it for them as it is a matter really for them. I want, however, to direct your attention to an instance. Part 4 of the Provisional Orders Confirmation Act, 1891—I am reading from the London and North Western Railway, and there you will find an exceptional clause, and under that you find that for articles of unusual length, bulk or weight, or exceptional bulk in proportion to weight and for dangerous articles and for bullion and other matters there is to be no fixed charge, but such reasonable sum as the Company may think fit in each case. I am instructed that that operates with extreme hardness upon certain trades and we have to call a small amount of evidence before you upon that. We ask you to say that all those articles should be classified and have a maximum rate and an actual rate fixed with regard to them. I see no reason why, for instance, if a thing requires two trucks instead of one, it is the second heading articles requiring an exceptional truck or more than one

truck or a special train—why if you can fix for one truck you cannot fix for two. It is a curious fact, and it emphasises my claim for a special tribunal, that under that section it has been decided that a trader is entitled to have the reasonableness of the charge determined by a Jury. That was decided in the Midland Railway Company v. Myers in 1909, 13 Appeal Cases. Surely it is not right that the matter should have to go to a Jury to determine the reasonableness. It seems if you had a Tribunal, especially if it is a Tribunal constituted in the way I have suggested—two railway men, two traders and an impartial Chairman—that would be the place to determine the reasonableness, and if they can determine the reasonableness, they could really put actual rates in the rate book with regard to that particular matter.

Mr. Jepson: You do not suggest that no actual rates have been instituted by the railway companies to cover all those things in Part 5.

Mr. Balfour Browne: I do not see why not.

Mr. Jepson: You do not suggest that it has not been done.

Mr. Balfour Browne: I dare say.

Mr. Jepson: It has been done. The rate books contain all those things. They have all been classified and the rates put in the rate books refer to all those special things.

Mr. Balfour Browne: I can only speak from instruction and I will call witnesses before you to say if that is the case, which I did not know and I am obliged to you for telling me, it does act exceedingly oppressively, especially with regard to dangerous goods. The railway companies have a power apparently to say what are dangerous goods. I should rather like, if I were a trader carrying certain chemicals or explosives, to have that determined by the Tribunal to which the whole matter is referred.

Chairman: Part 4 does not give railway companies power to say what is dangerous. If they put into the yellow pages something which is not dangerous any trader can say, "I do not care what you put in the yellow pages, it is not dangerous."

Mr. Balfour Browne: What is the remedy? Again an action at law.

Chairman: How do you propose to get rid of that? If the railway companies insist upon charging something which is not authorised, you can only go to some Tribunal to get rid of it.

Mr. Balfour Browne: I dare say. For instance, if they said that carrying a wisp of straw was dangerous goods, I could bring an action against them, but I do not want to go to the Courts of Law.

Chairman: Nothing we could devise being put in the books would prevent a man who was determined to be foolish from saying that something falls in a class in which it does not fall.

Mr. Balfour Browne: I understand Mr. Jepson says that railway companies have determined what are dangerous goods. If so they could submit that to the Tribunal and they would determine whether dangerous or not.

Chairman: So can any trader now have it determined in the same way?

Mr. Balfour Browne: Only by going to the Jury.

Mr. Jepson: There have been very few complaints.

Mr. Rowland Whitehead: Mr. Jepson will remember under the Act of 1845 the railway companies have power to refuse to carry dangerous goods, and it is within the discretion of the railway companies to decide *bona fide* whether goods are, for the purpose of railway transit, dangerous or not.

Mr. Jepson: I think the railway companies have not adopted that extreme attitude, but in place of it have laid down what they considered reasonable conditions under which they shall be carried and those things are set out in the working classification.

Mr. Balfour Browne: I am much obliged to my friend, I had forgotten that. I do not think that really I need say any more in opening this case. I have been perhaps far too long. If I have said anything which is regarded as hostile to the railway company I hope that that is not the—

Chairman: No, I do not think you have.

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Mr. J. H. BALFOUR BROWNE, K.C.

[Continued.]

Mr. Balfour Browne: The attitude taken, I have not intended it. First of all I know some of the difficulties railway companies have to contend with. I may say for myself that I have considerable sympathy with railway companies in their present position and in the difficulties with which they have to contend. Personally I should like to see every railway company in this country prosperous, and that for the sake of traders, because I am convinced that servants that are well paid and have a living wage are far better worth the money than those that are starving. Further than that, and that is why I want as far as possible not to say one word against railway companies, we, the traders of this country, and the rail-

ways of this country have to live together in the future. We, the traders of the country and the railway companies can do far more for the reconstruction of this country than the Government, and it depends to a large extent upon our co-operation whether the decrepit convalescence of the country at this time is going to be changed into the healthy condition in which I hope to see it in the future. I apologise to this Tribunal for the length at which I have addressed them, and thank them for the patient way in which they have listened to me.

Now, Sir, although I am not acting as Counsel I want to call a witness before you.

Mr. MARSHALL STEVENS, called,

examined by Mr. BALFOUR BROWNE.

73. You have had 50 years' experience of the trade of this country regarding to the forwarding of traffic?—More than 50 years in all transport, except air, principally in railways, overseas traffic and coastwise traffic.

74. For a time I know that you were managing the Manchester Ship Canal Company and more recently you have been connected with a large development that has taken place near Manchester, Trafford Park?—Yes, and other traffic matters.

75. I think you gave evidence on behalf of the traders in the 1910/11 Enquiry?—Yes. I was leading witness for the traders examined by Mr. Balfour Browne.

76. You are a member of the Federation of British Industries?—I am a member of the Council of the Federation.

77. And you speak for a large class of traders. You are Chairman of a Joint Meeting of the bodies of traders that was held with reference to this particular matter?—Yes, both the Federation and the Associated Chambers of Commerce, with a view to synchronising the proposals of the traders and bringing before this Enquiry, as we were able to do, one set of answers. I may say that I represented Manchester with another member upon the Associated Chambers of Commerce.

78. The Federation of British Industries last year prepared a Bill?—Yes.

79. With reference to Railway and Canal traffic?—Yes.

80. You introduced it into Parliament?—Yes, supported by the President of the Associated Chambers of Commerce, Mr. Neville Chamberlain of Birmingham, and other traders' representatives.

81. To some extent that Bill, of course, did not go further, because at the very time the Transport Bill came before Parliament. To a large extent, did that Bill embody the principles of the Federation that I have ventured to lay before this Tribunal?—Yes, it was formulated by the Federation after they had obtained the opinion of the whole trade of the country as regards general merchandise, practically the whole trade of the country. Their views are embodied in that Bill.

82. To a large extent I think the control of railways which was proposed by that measure was founded upon the Canadian Acts of 1904 and 1908?—That is so with such variations as we thought desirable. I understand, now, I may be wrong, that that is a matter which will engage our attention in Parliament later on, so that I have not dealt with it in my proof. I gathered from the Chairman yesterday that Parliament would later on provide for a Court other than the Court of Railway Commissioners.

83. *Chairman:* It is not for us to recommend what the Tribunal should be?—That is what I understood.

84. *Mr. Balfour Browne:* The Federation, I think, covers traders who own railways and hundreds of traders who own private sidings?—Yes. It is a great mistake for learned Counsel as he came yesterday and said that he represented the whole of the railway of the United Kingdom, the statutory railways of the United Kingdom, the statutory rail for this purpose and in the future should be considered as much the railways of the country, as the statutory railways are really of greater importance. They are the feeders. I am Chairman of a railway

company, small in its mileage, some very few miles, which crosses more than 1 per cent. of the general merchandise traffic of this country of England I should say. The railway I have referred to has over 100 traders' sidings.

85. Therefore the interests of the sidings owners are under the care of this Federation?—Yes, some hundreds of them.

86. We are only dealing with the merchandise traffic. Is it the desire of the traders that maximum rates should be continued?—Yes.

87. As they have been in the past?—Yes. What we really want—allow me as the Chairman suggested yesterday to speak very frankly—is what the railway companies have suggested in a general way under A and B on page 11 of their reply. We want both. "(a) Powers of charge limited by maxima, with complete freedom (in the absence of unfair discrimination) to fix and vary rates within the maxima." (b) Powers unrestricted as to quantum,

except by the general rule that railway charges must be reasonable, and in the event of a dispute as to reasonableness a reference to some body, administrative, judicial, or quasi-judicial, to determine the dispute—in other words, to fix the rate."

88. You do not treat those as alternatives, but you want them both?—Yes; but they become merged directly the Court is able to give us equitable rates and you can call them maxima or actual. Sir George Beharrell suggested yesterday uniform or recognised scales. I think he referred to them.

89. If the actual rates are absolutely fair the maximum is unimportant?—That is quite true.

Mr. Jepson: I did not quite catch that, would you mind repeating your question?

Mr. Balfour Browne: I said if the actual rates fixed by the Tribunal, whatever it is mentioned in this thing, are fair, the maximum becomes comparatively unimportant.

90. *Chairman:* I do not see where it comes in at all?—I quite agree.

Mr. Balfour Browne: But is there a maximum in that case?—There will be only a maximum in case the Court cannot see its way to fix the actual.

91. *Chairman:* Who is to fix the actual?—The Court, as suggested by the railway company and as suggested by us.

92. When they fix it what becomes of the maximum?—The maximum remains as it does to-day, a matter to-day with the actual rate under it.

93. *Mr. Jepson:* It is of non-effect?—Yes.

94. Is it not the fact that these two things mentioned in the Railway Associations' letter are alternatives? How can you have powers unrestricted as to quantum if you are limited by maxima?—Subject to the Court.

Mr. Acworth: It comes to this, does it not?

Mr. Balfour Browne: In my view they are both necessary because, in the first place the maximum is a protection and makes it perfectly certain that the trader cannot be charged over a certain amount.

95. *Mr. Acworth:* Mr. Stevens would want to read into B powers unrestricted as to quantum within the maximum?—Yes, if you like.

Chairman: Strike out the "un" after the word "powers."

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MR. MARSHALL STEVENS, M.P.

[Continued.]

96. *Mr. Balfour Browne:* The Act of 1845 says that the railway company might charge reasonable rates not exceeding the maximum?—Yes, if this Court can only fix a maximum we must have actual rates below the maximum. If this Court can fix the actuals we do not want maxima.

97. The actual rates being fixed by the Tribunal becomes a maximum?—In effect you call it actual or maximum. It is the same as the Chairman has said.

98. If we cannot charge more than the actual rate it becomes a maximum?—Quite true.

99. One of the objections to that suggestion is that there are a very large number of rates, 75 per cent. I believe, that are exceptional rates, and they say what about the maxima in such a case?—There I want, if I may, to explain away that great bogey that has always been put forward before new people who are beginning to consider transport matters by the railway companies for the purpose of frightening them. There is no trouble about it at all. Out of the millions of rates that have been referred to the major portion, as agreed by Mr. Jepson yesterday, referred to the collected and delivered class rates which are all practically based on maxima.

100. Is it the fact that the large number of rates are really governed by the maximum?—Yes, that is what I have said at least considerably more than half must be. I am in agreement with the railway companies as to that—whilst 75 per cent. of the traffic I again agree in weight is carried on exceptional rates.

101. So I understood. Therefore in your view for a very large number of rates the maximum is still a protection?—Not as regards the rates I am speaking about, the book rates; it is no protection at all. I want to show that.

102. Will you explain, because I do not follow you?—You take the book rate. The book rate to-day is made up in some form or other on conveyance as Mr. Acworth says, the two terminals possibly, warehousing, two cartages, and possibly four terminals.

103. *Mr. Acworth:* You never warehouse?—Excuse me, I am dealing with the evidence, and I say including warehousing. That is a rate charged by the railway company based *qua* conveyance only on the maximum rate. In the rate is the maximum rate, but in practice for all short distance traffic until the revision the other day there was not anything left in it for a maximum rate. It was all eaten up by the cartage alone. It ate up the whole of the cost. What the revision has done and what the traders so much object to is this: they do not mind it so much temporarily that the carter is given an extra 50 millions, not for railway conveyance at all, very little of it, but for subsidiary services, such as cartage, warehousing and terminals, which cost four and five times as much as the railway companies are allowed to charge, and other such considerations. Take the Lancashire and Yorkshire Railway and their short distance traffic—I see the Manager here. The whole of the short distance collected and delivered traffic within 20 miles up to the revision the other day was all weighed out in cartage and terminals; there was not a penny left for conveyance, and with the rates as they are increased to-day a good many of the rates charged are not sufficient. They cover the terminals and the cartage without conveyance.

104. The 50 millions which was allowed as an increase upon the recommendation of this Committee by the Minister was very largely for services having nothing to do with conveyance?—Nothing to do with conveyance.

105. Is it your view that the conveyance rates that the railway companies have to-day are ample to cover the conveyance?—Yes, I say that and I challenge the railway companies to show otherwise. Let me state my view as regards conveyance. I do not think it is wrong. Conveyance is the only monopoly charge of the railway companies; it is the only monopoly service of the railway companies. There is no case to-day that I know of in general merchandise where the railway companies ever have charged in any ratebook to-day the simple rate for the conveyance of traffic from point to point. I do not think it exists in the ratebook to-day. That is the cause of three-quarters of the difficulties between the railway

companies and the traders. It is quite easy to do it, to get rid of millions of rates, the Chairman almost got that yesterday; the point was suggested that your ratebook should only set out conveyance per ton mile for the different classes, you do not want a conveyance rate for each town set out separately, you want the distance from station to station of the different stations, you have one schedule in your book to show how much per ton per mile is to be charged, and all these millions of conveyance rates go if you are only charging conveyance.

106. Have you ever had that information as to the cost of conveyance per ton per mile in relation to distance?—No, the point is this; it is a most important point, after the 30 years of revision the railway companies have never disclosed, and unless Mr. Jepson discloses to the Committee now, and you must have the knowledge, what it costs his railway to convey general merchandise traffic from point to point—the North Eastern Railway for years have been very proud of having kept ton mileage statistics. They must have that cost per ton per mile. Where is it? It is the only thing upon which any equitable basis of conveyance rates can be placed. In every other country in the world the railway companies supply it almost without exception.

107. *Mr. Acworth:* Supply conveyance cost?—Cost of conveyance and charge for conveyances apart from the other services.

108. I said cost. Would you mind producing to the Commission to-morrow the accounts of some country that does show it?—I think I can. There are pre-war accounts.

109. I should be obliged if you would kindly do so?—At any rate that is the same.

110. *Mr. Balfour Browne:* If you had the cost for conveyance per ton per mile, would there be then any difficulty about fixing the rates?—None at all. Then the Chairman's scale comes in. All you have to fix is whether it is equitable to charge five times as much for Class I. as it is for Class A.

111. Passing from that, what have you to say with regard to the scales of rates applicable to grain, timber, etc.?—Well, that is the exceptional rate. There you would have scales not only applicable to one particular group of men, but to the whole country. These would be published as the rates are in many countries where the trader knows without going out of his office what the rates are. When I was running steamers to France, my clerks could tell me in my office, within five minutes, the rate on the French railways from any one point to any other for any description of merchandise. I will undertake to bring my friend Mr. Acworth any rate he asks me, the day after to-morrow, because the books are in Manchester, from any point in France to any other point, upon any description of goods.

112. *Mr. Acworth:* Cost?—No, their charge.

113. Do not misunderstand what I ask for. What I understood you said you could give, and what I would very much like to see, is statistics of any country showing for the railways the cost of conveyance?—I have seen them. I am not certain whether I can get them. I will try to get them. I had them years ago, I know.

114. I would be much obliged. It would be very interesting?—I will try.

Mr. Balfour Browne: I suggest it does not seem an impossible thing to get the cost though it may not have been done.

Mr. Acworth: My impression is that nobody has succeeded yet, but if Mr. Stevens can show us that, it would be very interesting.

115. *Mr. Jepson:* Mr. Marshall Stevens suggests it would be the cost of carrying a particular truck load of articles from point to point?—No, I beg your pardon; the cost I was referring to was the cost per mile for conveyance.

116. *Chairman:* You can divide the number of ton miles by the total expenditure or vice versa?—That is right.

117. You can get a figure thus, but that does not help you very much?—I beg to state it does. It is the very figure we want.

118. There you have the returns which have just been made by the Ministry of Transport?—With

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[Continued.]

great respect, you have not. There you have the returns of the charge for conveyance for terminals and for cartage subject to that.

119. You can separate them out. I think you assented that, by dividing the total cost by the number of ton miles, you got the cost of one ton for one mile; but how are you going to separate how much a particular cost is to be charged to goods and how much to passengers, and how much a particular station is to be charged to goods and how much to passengers?—It is quite readily ascertainable, with some difficulty of course, as all statistics are; but take the North Eastern system. I will be certain that the North Eastern Company could produce these returns to you now, and they could say what proportion they put aside and allocate to passenger traffic, general merchandise, and how much to mineral traffic. What they do and what has been done now is, they lump the whole of the general merchandise traffic together and whilst they are given an allowance for cartage off, they will not give the allowance within the third and one-half of the cost to them for cartage. Whilst they are given an allowance off for terminals, they will not give anything like the cost to them of the terminals. What is necessary for the traders, and I will show it to you directly if I may, with some comparative rates, is that they get upon an equitable basis to compete with figures in other countries where the traffic is carried under like circumstances. That is all we ask.

120. *Mr. Balfour Browne*: What do you want the classification book to contain as compared with what it does at present?—The classification book which is shown to the public is quite a different thing from the classification book which the railway companies have themselves to work to. Their classification book contains a great deal of information which is not contained in the other classification book. I think I see a classification book on the table. Is that the one provided by the railways?

121. *Chairman*: "General Railway Classification of Goods by Merchandise Trains, 15th January, 1920."—I have not seen the more recent one.

122. *Mr. Jepson*: That is the one sold to the public. —Mr. Jepson will agree that is quite a different one from the one he should provide you with on behalf of the railways, showing their different terminal allowances and different regulations, which they do not show to the public.

123. *Mr. Jepson*: I must explain that. That is nothing whatever to do with classification.—I was going to say simply that the book should contain it.

124. This is the classification acted upon by the railway companies exactly the same as the document that is sold to the public. There are in the railway companies' copy a few pink pages which explain that certain articles which are not classified should be treated as so and so and so and so.—If there should be any doubt about it, I will bring you one before the inquiry is over, but the point is this, that the classification shown to the public should contain the general conditions applicable to special and other traffic, and not a part as now. This schedule of rates should be in the classification or rate book in a summary way just in the same way as it is in the Belgian book.

125. *Chairman*: Do you mean we should have published printed particulars of all special rates and all exceptional rates?—Yes, as is done in France and Belgium.

126. How many pages would the book run to?—The printed book?

127. Having regard to the English practice of exceptional rates, which run to a great number, how many pages do you think they would want to print?

—I would undertake under the system you foreshadowed yesterday, where the exceptional rates were given for particular traffic according to mileage, to publish a book not three times as large as that.

128. I quite agree, and I am anxious we should do the thing you are now speaking of: that is, group the exceptional rates for exceptional trades, and sweep away all the other rates. If the traders are content with that, it will be a long step forward. —The traders are content with it if those rates are

kept only to conveyance rates. That is what the traders want.

129. We understand that the railway companies are to be allowed to charge for other things than conveyance rates?—Yes, on the scale charges.

130. Let us assume that too. If the traders are content that there should be laid down these scale charges, let us call it one for conveyance rates, two for terminals, three for special services, then we might—Four for exceptional rates.

131. I thought you said the exceptional rates were to go and be taken up in the special tariffs. Are we to keep the exceptional rates in addition?—They come as a special tariff of exceptional rates.

132. We have got a general scale—let us assume that?—That is the maximum.

133. A general scale, but I do not say whether it is the maximum?—That is right.

134. In addition to that, the proposal made yesterday was that there should be a certain number of tariffs which might run to 20 or 30 or possibly more?

—Yes. 135. These would cover a good deal which are at present covered by exceptional rates?—Yes.

136. What are we going to do with the rest of the exceptional rates which run to many thousands, which are not covered by the special tariffs?

—Those exceptional rates which run to many thousands are only exceptional because of the extra services other than conveyance. For instance, in the case of the siding rate you get a heap of exceptional rates—you get a thousand in one siding—because that rate is made up of the station rate, off which there is to be a certain allowance to the trader.

137. I do not know whether I am right, but I understood from information given to me by various people that the exceptional rate could be taken on so many journeys from station A to station B—nothing to do with sidings at all?—That is right.

138. There are a number of those individual rates in existence?—Thousands of them.

139. It might run into millions. Would the traders be content that the whole of those should be swept away?—Not swept away—all brought into the tariff.

140. I suggested there should be up to about 20 or 30 tariffs. In so far as they are not covered by those tariffs, would the traders be content that they should be all swept away?—I am sure they would if extraneous matters were not put into them—if it was only for conveyance.

141. There is no doubt about it being only for conveyance. It is a question of an exceptional rate, which is so many shillings from station A to station B?—For conveyance?

142. No, so many shillings, not stating what it is for.—No, we cannot have that; the traders will not have that.

143. Are these rates to continue, or are they to be swept away?—The existing rates for all practical purposes need not be swept away, but they will have to be disentangled.

144. I want to know whether we are going to have some common rate in regard to which you can have a comparatively small rate book which might be possibly printed or published, or whether you are to have such a rate book, and in addition to that, to have continued the existence of the present millions of exceptional rates?—You can only have a simple rate book if the rate book is separately quoted for conveyance. If you assume that, I say yes to all your questions.

145. I assume we have got a new scale, and a new tariff laid down. Would the trader then be content that all old exceptional rates which were at a single figure, not disintegrated, should be swept away?—I think he would, but always subject to that—if it is well in your mind I am satisfied. The trader will never be satisfied with any exceptional rate, or in the future with any other railway rate, which does not separately show the cost of conveyance. It does not follow—I am referring to your question to Mr. Balfour Browne this morning—that those five different rates need be put in respect to every rate. Mr.

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Aworth said that every day thousands of letters were sent by thousands of firms. Why? Simply because they have not got the rate book. If the trader has the rate book, he does not want to write as he will know that in a general way. He will know what the terminals are, and he will know what he has to add to his conveyance rate, and if he knows the distance between the stations he has the whole thing without writing.

146. It seems to me it would be perfectly simple to construct the rate book upon those lines. First of all, there would be a table similar to the one which now fixes the maximum, but instead of maximum it would be the actual rates?—For conveyance?

147. I was speaking exactly as we have it in the present Provisional Orders, which are for conveyance?—Yes.

148. You understand I mean the same as we have in the Provisional Orders, which are for conveyance?—Yes.

149. Next you would have a table just as there is in the Provisional Orders for terminals, loading and unloading, and so forth?—Yes.

150. Then the two could be printed, and then you could have a set of pages setting out the distance from every station to every station?—The railway companies have; they have that printed now.

151. That would all be comparatively simple, and would not go to many pages?—Yes.

152. I do not see any reason why something to that effect should not be recommended if the traders are content that there should not be in addition the millions of exceptional rates which there still are. Would they be content that such a scheme as I have indicated should be directed, and made part of the Act of Parliament, and the Act of Parliament should go on to say, "and all other special and exceptional rates shall cease to exist"?—That could only come about if you did what I think you suggested, or what I heard suggested here yesterday, that a number of "special tariffs" were made, as they are called, in the French system, and "exceptional rates or tables" as we call them. Take grain, for instance, quite apart from grain in classification. Taking grain according to quantities, that should apply throughout the country, and that would be the standing table. If you have that, you need no longer want the tens of thousands of exceptional rates which apply to grain.

153. In answer to my question, you would say if, in addition to the one general scale with distances and terminals and so forth added, there were, say, 20 or 30 special scales to deal with such matters as grain, timber, machinery, grocery, iron and steel, and so forth, you think that the traders would be content that there should be added to that, "All existing exceptional rates shall *ipso facto* come to an end"?—I think so, absolutely, provided that was a scale based on the existing exceptional rates, and provided also that they had access to the Court, which is evidently in the mind of us all.

154. Who had access to the Court?—The traders and the railway companies.

155. Access to the Court on what—to get the scales altered?—Yes; to get any revision of rates, just the same as in Canada.

156. Mr. Jepson: Do you mean this: Supposing we could translate the present grain scale and iron and steel scale into a tariff, which would be equal mileage rates all over the country for a particular distance?—Based on the existing exceptional rate?

157. Based on the existing exceptional rate, so far as those exceptional rates are on those scales.—Yes.

158. Then everything else could go. What I have in my mind is this. There are exceptions to those exceptional scales, and those exceptions have probably been brought about by water competition, sea competition, canal competition and so on, and they are below the ordinary grain scale and below the ordinary iron and steel scale?—Yes.

159. If we made the iron and steel scale into a mileage tariff, the Federation agrees that all the other exceptional rates could go except the tariff?—I should not like to say I agree on behalf of the

Federation, but my own opinion is this, that practically the whole of the exceptional rates should go, but the exceptional exceptional rates would want further consideration; but, in the interests of the railway companies and the traders to a great extent, they would go wherever the traffic was being run under cost plus profit. My principle is that the railways shall not carry anything under cost and a reasonable profit.

160. Chairman: I am not on the amount, but on the principle you think we could put it on. Supposing we had something like 20 or 30 tariff scales—I would not grumble if you made it a few more—would you say, in consideration of that, all the exceptional rates, some of which are as low as 50 per cent. of the scale now, should be given the go-by?—I think so, very generally.

161. It makes a difference whether you say very generally or altogether. If you say altogether we can advise the putting of a clause into the Act of Parliament saying they shall come to an end, but if you only say very generally, that clause cannot go in, because there would have to be someone who would investigate each individual rate and see whether it fell within your rates or not.

162. Let me give you a case in point, and you will see the difficulty there is about it. Between Garstang, near Liverpool, and Widnes, which is eight or ten miles off, there is a statutory railway rate of 1s. 3d. a ton for all merchandise. It is a rate at which the railway companies cannot carry the traffic, and they must be losing on it. There is also a rate from Garstang to St. Helens of 2s. 2d. a ton, again a rate which is unreasonable. But the traders who are paying those rates are not going to agree to those going away, so that you cannot deal with the whole thing in a general way.

Mr. Jepson: That is branching on to other ground, because there you have got special contracts or special clauses provided in the Statute, which would enable all persons affected to make their own representations under the Ministry of Transport Act?—But they are included in our firms in the Federation. We are representing some 15,000 firms.

163. Leaving out the statutory obligations of the railway companies, would you say yes to the question?—Leaving out the statutory obligations and exceptional rates?

164. No.—Well!

165. Chairman: Do you not see that you make the report of this Committee impossible by that exception? If we are able to say we can advise a scale or a set of scales plus tariffs which will govern the whole country, and be uniform, under which the Federation of British Industries has recommended a policy of exceptional rates, the thing is quite simple; but if we have to say we are setting up these scales, and, in addition, every exceptional rate now in existence must be separately examined to see whether it remains or not, that examination will take 50 years?—That is impracticable and impossible, but I think if you would get into some form the scale which you have in your mind one could do it in this way. I do not say that the Court should do it, but perhaps the railway companies could do it, but I suggest, taking what is in their minds as regards the cost of conveyance alone in the scale, that we can come to an agreement on the whole thing, subject to those matters which the railway companies and the traders should consider before they came up to you upon it.

166. We cannot recommend a table to be put into an Act of Parliament which left thousands and perhaps millions of matters undecided. We would have to lay down some rule which was to be applied?—I quite follow that.

167. The rule might be that all exceptional rates were to go except in so far as they were agreed between the railway company and the trader. One knows with regard to a good number of these exceptional rates the railway companies are as keen upon them as the trader?—I am sure the traders are prepared to agree to a scale in a general way of exceptional rates applicable to the country. I am

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speaking of traders in the broad view. But you must remember that in the past the traders have been led to believe by the railway companies individually that they had better terms than their neighbours in competition—I am giving evidence, and I know it—with this result, that individual traders throughout the country have had an impression that they were given better terms than competitors elsewhere. They have been un deceived as regards that to a very great extent, and they are quite prepared now, as they want to help the railway companies to get on a sound commercial basis, to have rates fixed which will give them a fair return. To do that I feel quite sure that it would not be at all difficult to do what you are saying, subject always to very exceptional cases.

168. How are those very exceptional cases to be picked out and differentiated?—Show us your scale, and I will get them for you from 15,000 firms.

169. We could no doubt work upon a scale, but the amount of money to be attached to that scale would depend upon whether the exceptional rates are to go or not. If there are a number of lower exceptional rates we would want to keep the scale comparatively high to produce the necessary money, but if there are no exceptional rates we can cut it as fine as possible, and give the railway companies just enough—I quite realise your difficulty.

170. Until we know that the exceptional rates will go or are going to remain, we cannot fix the figure?—The exceptional case must remain exceptional, but in the tariff form.

171. I have tried to make it clear that I am putting to you three things: the scale which is the normal one; the tariff which is to cover a few exceptional circumstances, for a number of special articles and special conditions such as truck loads and what not?—Yes.

172. Then I want to know whether there are to remain perhaps what I might call individual exceptional rates—exceptional rates from station A to station B, or exceptional rates such as have been given sometimes to a contractor constructing a dock, and which remain on the book, having been put there, once, because the railway companies cannot take them off, or which have been put there for some historical reason which has gone, and there is no reason for them to be there now, and it would be a great benefit if they could be swept away. Then there are the whole set of rates which depended on water competition. Somebody mentioned from London to Lowestoft, the grain rate was half the ordinary scale rate for grain because of water competition?—That must go.

173. So I would hope?—That must go, if it has been carried at a loss. There you come back to the cost of conveyance really to help you in your scale.

174. Obviously it cannot be desirable that one trader should get half the rate of another, unless there is some good reason, such as competition?—Yes.

175. The competition being gone, one would assume that a half rate to any one particular town would be one of those things which would disappear, but you cannot ask either this particular tribunal or any tribunal which is substituted for it to take any of the exceptional rates which exist in the country and inquire into its history, and the reason for it, and say it is to continue or it is not, because their number is so inordinate. Can you suggest to us any way by which we can tabulate findings and get rid of the mass of exceptional rates?—Yes, I think I can now. I am only making my own suggestion. The thought has only just come to me now. Any rate which is less than the existing rate of a penny for conveyance should go—by existing I mean pre-war.

176. Mr. Acworth: The statutory maximum?—The statutory maximum.

177. Chairman: Any rate which is below the statutory maximum?—Yes—should go for conveyance.

178. For conveyance alone?—For conveyance alone. We do not mind the rest.

179. You have a man who has an exceptional rate granted him, including terminals and including cost of delivery?—Very well.

180. It is very low. If it were below the statutory one for conveyance only, it would be a very low one, but perhaps he has got some very special reason why he was given that. Are you content it should all go?—It has nothing to do with our question. There is no statutory power in the railway companies to cart.

181. I am trying to deal with actualities. The actuality is that a man is granted a rate which includes these things?—But why do the railway companies continue it?

182. At present they cannot take them away, because there would be an appeal, and they would have to prove an increase in cost, which they might or might not be able to do?—I may be wrong, but my own interpretation is that that only refers to the maximum powers, the powers that they have for services. They have no power to charge for cartage. I think any C and D rate can go quite naturally if the cartage is too much.

183. I am afraid I am not following how this would enable us to deal with exceptional rates?—It comes back to the point that I have said. It is all governed by conveyance. I am speaking right off the book, but I think you would find you could sweep everything away—I am speaking only for general merchandise, not for coal at all or minerals—if it did not amount to more for conveyance than you have in your maximum statutory rate.

184. Mr. Jepson: I do not follow what you mean by your reference to the maximum?—I am prepared to go a long way myself to get some simple revision, and I think the Chairman follows me.

185. Chairman: I am afraid I do not follow you?—You have your maximum charges under the revision of 1891, which amounts to so much per ton per mile in Class C.

186. Mr. Acworth: For conveyance?—Yes, so much for the first 20 miles and so forth, for conveyance alone. My point is this, that any existing exceptional rate, having regard to the fact that the cost of conveyance has risen so much, which has in it a smaller amount for conveyance alone than the statutory charge, might go.

187. Chairman: That would be all exceptional rates lower than the maximum?—No.

188. Mr. Jepson: When you say existing exceptional rates are you referring to the existing exceptional rates since 15th January last?—I am referring only to the pre-war entirely. We can only consider the matter here from that point of view.

189. Chairman: Let us take it from the pre-war suggestion. That is the simplest point of view?—

May I give a further explanation? You got a rate quoted to-day of station to station, 6s. 6d. That includes two terminal accommodations, two loadings and unloadings, two coverings and two uncoverings, and the conveyance rates. We say we must have the conveyance rates in future, and we mean to have it, separately. In that conveyance rate of 6s. 6d. the maximum—I am talking about the pre-war maximum, and I think the present maximum—is 2s. Any rate less than 2s. for the cost of conveyance, where 6s. 6d. now applies, I should cross off the book altogether.

190. Mr. Acworth: What do you mean by cost of conveyance?—Well, there you go again. I would like to spend an afternoon with Mr. Acworth.

191. I do not in the least understand you?—Perhaps I am wrong in mentioning the cost of conveyance.

192. Mr. Jepson: You did not mean the cost; you meant if the element in the rate representing conveyance was less than 2s. in the illustration you gave, then that rate should go?—That is so.

193. Mr. Acworth: I wrote down the words as you stated it as I understood it: "Any rate the total of which is below the statutory maximum for conveyance only must go"?—No; that is wrong.

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194. *Mr. Acworth*: Is not that right?—No; any rate after disintegration. . . The amount for conveyance at rates lower than the maximum powers should go.

195. *Mr. Jepson*: That is where you raise the great difficulty, which no doubt you appreciate as well as I do. You know that rates are not built up now except for short distances. By taking so much for conveyance, so much for terminals, so much for services, and so on, it is an all-round rate, according to what the traffic will bear. Nobody in the wide world, unless they have settled down to disintegrate a particular rate, can say how far any rate which is below the maximum consists of station terminals, consists of service terminals, or consists of conveyance. Taking your illustration, taking Class C, you say take off your maximum, your service terminal or your actual rate, and that leaves a certain amount for services. If that amount for services is less than your statutory powers for conveyance, that rate ought to go?—No, I have not said that. I am sorry it is so difficult, but the railway companies have made it difficult. It is easy enough in other countries. Let me try again with the 2s. and 6s. 6d. Let me put it the other way round. Give me the rate as 2s. for that distance, Class C, supposing that was all you could charge before the War, that shall be your minimum.

196. *Mr. Acworth*: For conveyance?—For conveyance. All the rest can go.

Chairman: I do not follow that.

197. *Mr. Jepson*: Is that really your proposition?—I am speaking personally entirely. You realise that it has only come to me just now.

198. *Mr. Jepson*: Is that your proposition?—This is for the minimum. The Chairman has asked me to be done with the lower exceptional rates, and I am trying to find a way to meet him.

199. *Mr. Acworth*: May I put a concrete instance case and see if I understand you? Class 2, let us say, averages 2d. a mile, or something like that. That will be the figure, roughly speaking. It is 500 miles to Aberdeen from London?—Yes.

200. The conveyance rate would be 500 2ds.?—Yes.

201. That is 1,000 pence? That is, roughly, four sovereigns. If I understand your proposition, you exceptional rate from Aberdeen for Class 2 traffic is to be allowed if it is under four sovereigns. Is that right?—No, that is not right. That is not correct, and I do not think you will find the figures are.

Mr. Acworth: The figures are rough.

202. *Chairman*: Let us get at what you mean. If we take Class 2 as an average of 2d. for a certain distance?—If 2d. is the minimum price at which the traffic can be conveyed.

203. We were trying to see how we can get rid of the existing exceptional rates. I understood you were giving us a formula by which you hoped it might be so?—I was.

204. I understand your formula to be this. You first of all find out what would be the conveyance rate under the old maximum?—Yes.

205. If we take 2d. as being the average rate for Class 2 for some particular distance, as say, 100 miles?—Yes.

206. Supposing it was for 100 miles, 2d. for 100 miles would be 200 pence, that is 16s. 8d. You say any exceptional rate which was under 16s. 8d. must go?—It seemed to me that was a cure for the question, but is *Mr. Acworth* right on the figures?

Chairman: If he takes 1,000 miles, it would be any rate in the country.

207. *Mr. Jepson*: There is no such rate in the country?—What about the 500 miles?

208. *Mr. Acworth*: I wondered if you represented the paper makers in Aberdeen, and whether they would like you to bring out their new rate at 24?—No; I quite realise they would not. If that is a fact that it is 24 I am wrong, and I have to withdraw that at once as a suggestion.

209. It is roughly right. The second class rate would be something like 2d., I think. Perhaps the Chairman would tell us?

Chairman: Over 50 it is 1½d., over 100 2d.

210. *Mr. Acworth*: Is that second class? They are all the same in the classes. Class 2 is 26s, 230, 180 and 150.

211. Let us call it 175?—Then I will say at once it would not meet conditions of that sort. We could not get rid of the exceptional rates. For shorter distances it probably would.

212. *Mr. Jepson*: You realise the heaviest of these exceptional rates would be from Scotland to London and Scotland to Southampton, and the various ports round the coast which were fixed low because of sea competition which does not now exist?—Yes. It does not now exist, and there has been a revision in consequence.

213. You would agree those rates would go, and have to be put up to the normal scale?—I do not say that. First of all, I want to know whether the conveyance rate is sufficient for the railway companies to pay.

214. *Chairman*: Would it be a workable scheme to put in operation first our scales and then our tariff and then give, say, six months of time and say at the end of the six months all exceptional rates should be swept away that had not been agreed between the traders and the railway companies, subject to a right to anybody to appeal to a Tribunal to reinstate an exceptional rate that the railway companies would not agree?—Yes. If we had such, a Tribunal as the one we propose.

215. Some sort of a Tribunal—I do not think you will be able to dictate the Tribunal, as somebody might criticise yours?—Yes, I do not mean a particular one, but in that case, as in the case of the Canadian railways, we are prepared to leave ourselves absolutely in the hands of the Tribunals on the questions of rates.

216. I am looking at what would be a practical one which would commend itself to business men and business procedure. We have to be practical as well as scientific. The suggestion is that there should be the scales and tariffs indicated, and then there should be an interval of 6 months, all the old exceptional rates continuing during those 6 months, and during the 6 months the traders and the railway companies should try to agree. In the case of the paper-makers of Aberdeen, the railways would probably make concessions. There are other concessions which strike one's notice, such as in the case of London and Liverpool to prevent goods from America going round by sea. Where they do not agree at the end of the 6 months, the scales and tariffs would operate, but there would be an opportunity, before they would come into operation, for an individual trader to appeal to a Tribunal and say: "Reinstate my exceptional rate, or something like it, because my case is a specially hard one" but he would have to come forward with the knowledge that, *prima facie*, there were not to be exceptional rates, and therefore he has to make out a good case, and that the Tribunal are not going to trouble about small variations. If a man was only 5 per cent. below the scale, they would tell him he must griu and bear it?—Subject to the Tribunal having the right to lower the scale to meet certain cases.

217. You must have it one way or the other. If the scale is to the scale for the country, you cannot go lowering it or putting in exceptions, though in particular cases exceptional rates may be granted, but they must not both grant exceptional rates in such cases and lower the scale?—I should like to go the whole of the length with you if I could; but I do foresee a difficulty.

218. How could you have trader A, representing a particular class defused by neighbourhood, or possibly by geographical position, or possibly be the particular article dealt with, coming and asking for an exceptional rate. They say, "We used to have one in the past and it has been swept away; it is unfair." They go to the Tribunal. While those people are being heard, the Tribunal cannot entertain that general scale for the whole country?—No, but they can give the exceptional rate.

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219. That is what I am suggesting?—That is all right.

220. The Tribunal might be able to restore the exceptional rate, but it would say, first of all, you have to make a case out, because exceptional rates are undesirable things as a whole; and secondly, if you make a case for a small percentage below the other we would not interfere with the uniform rate as it would be undesirable?—I agree then. I think that might be the way out of it. The two great points to the British Federation are the cheaper Court of Appeal, which I think everyone can see the need of now, and conveyance rates charged by themselves, any other services performed by the railway company only to be performed at the request of the trader, and only paid for if requested by the trader. Those are the two main points.

221. I believe you have summed up almost the whole difference between the railway companies and the traders, and to some extent I believe the railway companies are prepared to meet you about disintegration?—I believe they are.

Chairman: The railway companies, Sir Lynden Macassey, I understand are prepared to meet the traders to some extent about disintegration.

Sir Lynden Macassey: We should like to know first what the traders propose. We have been listening to Mr. Marshall Stevens, and we should like to know what the proposition is and we will consider it.

Chairman: I thought Mr. Marshall Stevens had made it pretty clear. Whenever a rate is made up, you would have first of all a conveyance rate—I want you to listen, Mr. Stevens, and correct me if I am wrong—secondly, any other items which are to be included should be set out separately. At present, they include station terminals, service terminals, loading and unloading, and covering and uncovering. He would want each of these set out separately. I will come in a moment to the way they are to be set out. Then anybody could build up for himself an aggregate rate. In regard to the scale rates, they would, in fact, have been stated separately by the Tribunal in fixing them. In regard to the tariff rates, probably also the same thing would happen; but we know if by agreement an exceptional rate was put into force, Mr. Marshall Stevens would ask that some disintegration should take place. He has not said where it is to be, but I take it he would be content if it were at some place where any trader had access. That would be in the rate book, probably. It might be that it would be in a note on the first page of the rate book, if it were all done to system, so that you could always arrive at it. If it were not done to system, then I take it he would ask against the rate should be put the list of these things made up. That does not necessarily mean each figure set out each time, because it might be "et ceteras" on Scale A and "et ceteras" on Scale B.

Sir Lynden Macassey: You are putting it very clearly, and we shall consider the matter, but I can only say this now. Of course, what has been suggested depends upon how the rates in future are to be made. If they are to be built up in the future, not having been built up in the past, something on the lines you suggest, or, rather, which you put as Mr. Marshall Stevens' suggestion, may be applicable; but if rates in the past have been quoted as a lump sum on the basis of what the capital will bear, it is not quite so easy a matter.

Chairman: I know quite well the trouble about what the traffic will bear. It may mean that the railway companies will have to be very careful in doing it always to go down in the proportion which will suit themselves.

Sir Lynden Macassey: That is so.

Chairman: They might say: "We will throw in station services for this rate." There is nothing to prevent their saying it.

Mr. Jepson: True preferences!

Sir Lynden Macassey: There is the difficulty in following out that procedure, that we might come up against the law as to undue preferences.

Chairman: You would have to look out carefully for that.

Sir Lynden Macassey: May I not say more at this stage than that we have heard what you have put very clearly, which represents, I understand, Mr. Marshall Stevens' view, and we will consider that, and at some stage we will give our considered opinion upon it.

Chairman: I am much obliged. Let us have it as early as you can, but I will not hurry you. You will have observed that it is a matter that the traders are tremendously keen about. It is a thing which has turned up more often than anything else. One weighs the importance of a question by how often people raise it.

Sir Lynden Macassey: One knows from one's experience the truth of what you say.

Chairman: They are always doing it.

Sir Lynden Macassey: Quite so.

Chairman: If you can meet them, you will put them in such good humour that they will want to meet you on lots of other points possibly.

222. *Sir Lynden Macassey:* We naturally want to meet the traders as much as we possibly can. I may take it, from what you say, Mr. Marshall Stevens, that you are putting the views of the Federation?—I represent the views of the Federation.

223. *Chairman:* Is what I suggest fairly representative of your views?—Of my views—of the Federation's views as regards separate conveyance rates and an easier Court. For the rest, as to the exceptional rates and the suggestion I made at a venture about that, that is entirely my own view.

224. *Sir Lynden Macassey:* What the Chairman was good enough to put to me as representing your view, I take it represents also the view of the Federation of British Industries?—As I stated, only as regards the two main points.

225. *Chairman:* Perhaps you would take the opportunity, as far as your people are here present now, and so far as they are not if possible this evening, to see whether that is what your Federation is really wishing.—I know I am right as regards conveyance and the simple Court.

226. On the other matter of exceptional rates?—As to the other matter it may be different.

227. I am afraid it will take you rather longer to get information upon that point?—Yes.

Chairman: It is a matter which to me personally appears to go very much to the bottom of our present recommendations. If we are going to leave all these exceptional rates on the books, we shall have done very little good; but, personally, I do see great difficulty in getting rid of them. If anybody will devise a scheme that does get rid of them to the satisfaction of all parties, I think they will be great benefactors.

Mr. Rowland Whitehead: Before you part from the question of the exceptional rates, may I make one observation? We are discussing general principles, but illustrations were given. One was the iron and steel rates. Mr. Jepson mentioned those. The other was the St. Helens and Widnes rates, which, as Mr. Jepson pointed out to Mr. Stevens, are very special statutory rates. In both those matters I am instructed to appear to represent, in one case, the St. Helens traders, and in the other case the members of the National Federation of Iron and Steel Manufacturers. Mr. Stevens gave an answer to Mr. Jepson which may have led you to suppose—I do not know whether it did or not—that he was speaking in some respects for the iron and steel people. But that is not so. It is a very important point, as Mr. Jepson will be aware, with regard to these very special and exceptional rates which have been fixed in individual cases for the manufacturers of iron and steel.

Chairman: As I understand, those are cases where there is a statutory sanction to the bargain.

Mr. Rowland Whitehead: In the case of St. Helens, yes, there is a statutory provision, but that did not form part of your general discussion. Mr. Jepson indicated that it was not relevant at the moment.

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[Continued.]

But the question might arise later on, whether statutory protection and statutory rates of that kind ought or ought not to be preserved. That is a special point.

Chairman: That is a special point, and will have to be dealt with separately. It may give us a good deal of difficulty, and we shall have to face it.

Mr. Rowland Whitehead: I wanted you to keep your judgment in reserve as regards the iron and steel point. That does arise in the same way with regard to exceptional rates.

Chairman: Is there any distinction in regard to iron and steel where there is no special statutory arrangement?

Mr. Rowland Whitehead: I am not talking about special statutory arrangements in their case. They are rates which have been fixed, I will not say by contract with the railway companies, but fixed having regard to the special circumstances of that industry. They are rates under which that industry has grown up and exists. I think you will feel when you hear our case that you ought to have very special regard to the special circumstances under which they are existing.

Chairman: That is just one of the questions which I had in mind when I said that the railway companies and the traders, I thought, might come to an agreement in a limited period of time as to maintaining some of the exceptional rates.

Mr. Rowland Whitehead: I can say this in general terms. If in any kind of way we can assist this

(Adjourned for a short time.)

Mr. Musgrave: I desire, Sir, on behalf of the Associated Chambers of Commerce, to make an application to you, and to ask whether it will be convenient to the Committee to hear us on Tuesday morning.

Chairman: Will the Federation of British Industries occupy the rest of to-day and the whole of to-morrow, Mr. Balfour Browne?

Mr. Balfour Browne: I should hope not. I should think that my friend might call some of his witnesses to-morrow. This is not really a matter for accumulating a great number of witnesses. I have a great number here, but unless you wish to hear them I would not call them.

Chairman: What we want are valuable suggestions. There is not much of fact that is in issue at all, is there? Would it suit you to have one or two of your witnesses ready for to-morrow afternoon if they are required, Mr. Musgrave? I do not know a bit how long things will take.

Mr. Musgrave: What would be convenient to us is this—we have four or five witnesses and it would be a great advantage to us (I put it on those grounds) if we could be heard on Tuesday. Possibly after the Federation of British Industries have been heard some other parties might fill up the gap, if there is one. But it is impossible for us to calculate how long the other witnesses will take.

Chairman: Yes. On the other hand, we do not want to waste to-morrow afternoon if no one else is ready.

Mr. Musgrave: If it could be mentioned to you later, Sir, whether any other parties would go on to fill the hiatus, it will be a great convenience to us.

Chairman: Perhaps you will renew your application at four o'clock.

Mr. Musgrave: If you please, Sir.

Sir Robert Aske: I represent the Chamber of Shipping of the United Kingdom, and they would be prepared to go on to-morrow if desirable.

Chairman: Very good. Then perhaps that will fill the gap, if there is one.

Sir Robert Aske: The Chamber of Shipping feels very anxious respecting the proposition you put forward to this witness as to whether, if definite scales and definite tariffs were put forward, a gap of six months might then be made within which arrangements for exceptional rates could be made between the traders and the railway companies. The Chamber of Shipping would respectfully ask that any consideration like that be reserved by your Committee; because

tribunal by meeting the railway companies, or doing anything of the kind by way of discussion, we should do so. You may rely upon us to do that. At the same time it is so large an industry, and it represents so much capital and such important interests that in due course I shall have to present their case to you, unless some special arrangement could be arrived at.

Mr. Jepson: You might consider whether what has been suggested generally with regard to scales could not also be applied to the iron and steel scale.

Mr. Rowland Whitehead: We shall do that.

Mr. Jepson: I might even to have to put some questions to any witness who came for you to this effect. If the iron and steel scale, on which the bulk of iron and steel rates are made to-day, is adopted as a tariff, and there are any exceptional rates below that tariff which would be put in force because of canal competition or sea competition, or anything of that kind, ought not they to go seeing that competition does not now exist?

Mr. Rowland Whitehead: My clients are in the room, and they have followed exactly what has been passing in the minds of the Committee, and I hope before I have to address you on the subject all these matters will have been considered by them, and I can tell you in a few words what their view is.

Mr. Balfour Browne: We do not intend in any way to prejudice the special case of my friend by anything which Mr. Marshall Stevens has said.

Chairman: We always understand that.

if that were done and any rate which might be agreed between the railway companies and the traders were to be accepted, it might mean the absolute extermination of the coastal trade; and that therefore you would have to consider here the rates of the railway companies on the basis that their coastal trade is abolished altogether.

Chairman: You mean the present time is about the worst possible for the coastal trade—that in a year or two hence things may be better?

Sir Robert Aske: I think your Committee is perfectly well aware that the coastal trade cannot possibly compete with the railway rates at the present time, and that if exceptional rates, which include port to port rates, are to be left to the railway companies and to the traders to arrange as they have done in the past, then the probability is that all the exceptional rates which are at present in existence between port and port will continue; and in that case the coastal services will leave the country.

Chairman: I do not think that will be the position; the railway companies will take advantage of the fact of there being no competition to say they do not want particularly low rates from port to port; but I can see that your suggestion of, perhaps, the interval of time may be a very serious one to coastal traders.

Sir Robert Aske: It is the question of principle to which the Chamber of Shipping object; that when the whole system is being revised this should be what ought to be, in their submission, a matter of principle, is really to become a matter of bargaining between the railway companies and the traders independent of the real interests of this country.

Chairman: You will have to make your proposition about that. Obviously there are difficulties on both sides, and we should very much like to hear what you have to say before us as to how exceptional rates are to be dealt with.

Sir Robert Aske: I have only presumed to interfere at this stage in the hope that the Committee would have this in mind in making that suggestion.

Chairman: We will not commit ourselves until we have heard you. I understand that you will be prepared to go on to-morrow if the Federation of British Industries' witnesses come to an end?

Sir Robert Aske: Yes.

Chairman: Then we might let the Chambers of Commerce take their evidence on Tuesday morning.

Mr. Musgrave: We are very much obliged to you, Sir.

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[Continued.]

MR. MARSHALL STEVENS, M.P., re-called.

228. *Mr. Balfour Browne:* When we left off we had been dealing with the traders' demands to have separately a statement as to conveyance rates as distinguished from terminals—either station or service terminals?—Yes.

229. As I understood it, one of your grounds was the real monopoly service of a railway company was conveyance?—It is their only monopoly.

230. So far, for instance, as providing station accommodation is concerned, if I am the owner of a siding I have provided the station accommodation in competition with the railway?—I want to be in that position for the siding owners.

231. If, for instance, I do my own loading and unloading, again I am in competition with the railway company which might do it for other traders?—Yes. I want to go further. I want to utilise my sidings, if I have them, not only for my own purposes, but in general competition with the railway companies or with other terminal proprietors—to use it, in fact, as the station is utilised now, and in that way—as I am able to show—to save the country millions of money.

232. But as I understand the result of your examination by the various members of the Committee, it did come to the suggestion that the real difficulty in the case was not with regard to these rates that we wish stated separately, but with regard to exceptional rates?—Yes.

233. And that the suggestion of the Chairman is now quarrelled with by the gentleman who is appearing for the Shipowners' Association; apparently they do not want obsolete rates—rates which the railway company call obsolete—and they do not want to have this agreement, which the Chairman suggested was a rational thing to give you, with regard to certain tariffs. Of course, we have not considered the matter, but does it not seem reasonable that the traders and the railway companies—of course, including the Chamber of Shipping if they choose to be heard—should arrive at certain tariffs with regard to special rates?—Yes. But I would like it to be cleared away that there are exceptional rates and, as Mr. Jepson called them, "exceptional exceptional" rates.

234. I was going to ask a question about that. With regard to exceptional exceptional rates, such as one or two mentioned in the course of your examination?—All the shipping people's rates are those exceptional exceptional rates.

235. I understood that the Chairman, in the suggestion he made, reserved those out of the tariffs as for special dealing by the Tribunal?—Yes, that is right.

236. And so far as at present advised, do you see any objection to that suggestion?—No, I do not, indeed.

237. And that would, if it were carried out and accepted by the railway companies, get over one of the great difficulties, which is the exceptional rate difficulty?—Yes.

238. I pass from that. What about the question of grouping districts?—It will be seen readily that all difficulties as to grouping go for conveyance rates. Let me explain. The great difficulty of the railway companies has been to retain their group rates, say, for London on the one hand, the London city stations, and on the other hand the London dock stations—which are not stations at all. That has cost many, many thousands of pounds in contest before the Railway Commissioners, that very point, all because the conveyance rate was not considered alone. There is no necessity for any difference in the conveyance rate to a group like London. Make it as extensive as you like, you call the mileage X, and your mileage is all counted to X. It is only when questions of the huge cost of the London stations have to be brought into account as compared with the payment to the London docks of 1s. 3d. a ton (I think it is) for all the accommodation services which they and the traders provide at the docks, that these difficulties arise.

239. What you have said with regard to the London city and the London docks, would that also be true in a great town like Manchester?—Yes, absolutely; and the Manchester docks. And the attempt of the railway companies all the time is their difficulty in being able to keep up their town rates, including the terminals, and at the same time to get a large enough rate for the point where there is no terminal accommodation provided, or very little.

240. Sir George Beharrell suggested yesterday—I thought, so far as it went, it was a good suggestion—that the way in which stations at the present time were treated was on the whole well, but that it would be wise and well if stations were distinguished into various classes?—Yes.

241. Large stations, moderate-sized stations, small stations, and so on?—Yes.

242. And I understand the idea was that upon these different classes of stations a different accommodation terminal should be approved, as far as possible bringing it more in line with the cost of the railway company?—Yes.

243. Do you agree with the principle?—Yes, with the principle that a more expensive station should be charged less than a less expensive station. Because, as I understand Sir George, he wants a larger terminal for London than for any other place—put it into Clause I. Of course, if you take Broad Street Station, the cost must be at least 10s. a ton on every ton of goods going in and out to-day, as compared with the charge at the docks of 1s. 3d. Now, you see, there you have a London station, and the docks, which are as cheap as any station in the country, so you must not group the stations in that way; but the conveyance rate, yes. I will give you a more complete instance than that. Take Manchester town, where you have stations—take one that I have in mind, the Great Northern Station, put up at a cost of £1,000,000, without one single ton of traffic in addition being provided for.

244. All the Great Northern traffic to London, for instance, was formerly dealt with by the Great Central?—By the M.S. & L. at that time.

245. When the M.S. & L. came for their London extension the Great Northern, which was going to use the traffic from Retford, therefore built a station for this in competition?—Yes.

246. Was that a very expensive station?—About £1,000,000, according to their own figures.

247. Does that put a very large amount of capital on to the capital account of the Great Northern Railway Company?—Yes. But I want to say this in extenuation of that. That station has no right there at all; it can go; it is worth £2,000,000 to-day for any other purpose, so that it is not that the railway companies are going to lose. I could give scores of instances like that. If that property were taken away from their undertaking and got rid of, they would realise a huge sum in capital to reduce the capital of the particular companies concerned. Let me illustrate Liverpool.

248. You think that if amalgamations took place a large number of these stations could be disposed of?—Take Manchester. You have the Manchester town stations. The railway companies were forced at the Inquiry before to give the cost of some of the Manchester and Liverpool stations—the Lancashire and Yorkshire stations at Manchester, and both the Lancashire and Yorkshire and the London and North Western at Liverpool. So we have available—I have it here—the cost to the railway companies of those stations over 30 years ago. To-day the traffic going in and out of the most expensive of those stations in Manchester, and the cost, including collection for my purpose for the moment—

249. *Mr. Acworth:* Cartage?—Yes.

250. Oh!—But I will give you the details; I am only giving it to make the point. It cannot cost less than the whole rate charged for any traffic up to Class C within 20 miles of Manchester. That is

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the station alone, including cartage. Take off the cartage, the cost to the company to-day of the station, and loading or unloading, covering or uncovering, the traffic in that station, is never less than 5s. a ton—it cannot be less than that.

251. *Mr. Balfour Browne*: Is that more than the whole rate?—Not the 5s. That would be one side of a rate, say, of 8s. 6d. a ton, with more than the 3s. 6d. at the other end.

252. *Chairman*: What is your proposal to meet this?—I have it. The whole thing comes back on the one question of conveyance rates. I will give you the proposal for the station in a minute if you will allow me. Take Liverpool. I can best answer the *Chairman* there by giving the history, which will be done very shortly. The London and North Western Company held Liverpool. The Midland Company, the Great Northern Company, and the Great Central Company, were jealous of their business there, and they came into Liverpool, which, as you know, has its docks and to a certain amount its railways—at any rate, very poor railway accommodation. The Midland Railway came in, and they got all the traders of Liverpool to come and give evidence as to the desirability of their coming in the expectation that the rates were going to be lower. Anyone who knows railway transport needs knows there cannot be competition in the railway rates. The Liverpool Midland station was not 3d. per ton dearer to the merchant than the London and North Western, yet the traffic would not go there because of the extra 3d. The result was that they brought their railway into Liverpool, and no one would use the station—by “no one” I mean the general trade. What did they do? They went up into the centre of Liverpool. Rates are bound, but accommodation they can do what they like with. They buy some of the most valuable land in the centre of Liverpool and put a depot there. At that depot they receive the traffic and unload it; store it, if necessary; put it back into a cart; cart it down to the railway station, and, before they have got it to the railway station, it has cost the railway companies more than their whole rate to Manchester.

253. *Mr. Balfour Browne*: In getting it from the depot to the station?—Yes; that is before they begin to carry at all. I know it will be said that during the war that has been done away with. The Midland were followed on, because the traffic went that way, by the North Western, by the Great Northern, by the Great Central, and by another railway—all up in the same centre of Liverpool, and they all have this extravagant most valuable property, the whole of which in millions—I am talking in millions generally of those big railway depots—can be disposed of to everyone's advantage directly amalgamation of the districts by the railway companies takes place. What we want, and that goes back to the point, is free competition in terminal facilities. We want to go back, if you like, to the original idea of the railway, which was that it was to be a public road. We cannot go to the full extent because it would not be proper that the trader should convey on the railway. But beyond that, we want competition for everything. We do not want the London and North-Western or any of the other companies to be placed at any greater disadvantage than to be placed in competition with other carriers and other traders, be they canal carriers, be they shipping carriers, be they road carriers. But we do want, and must have, in the interests of the country—I will show you why directly—that facility of competition between the carriers.

254. *Chairman*: How are you going to get it—that is the next stage?—Let me go back again to Manchester. The Manchester town stations, I will give you an indication of their cost—

255. Never mind the cost. I want to know how you will get the competition?—I will give it to you in a minute if you will allow me. In Manchester you have a place—I only do this because I happen

to know so much about it and it occurs to me for the moment; it is not done for the purpose of advertisement; do not believe that—but there is Trafford Park with its 100 railway sidings, each siding to a works. Amongst those sidings is the biggest warehouse company in the world, owing its own sidings. To-day they do not attempt to do any of this traffic. They could do the whole of the Manchester traffic there—which is saying a great deal—at half the cost it is costing the Manchester stations now, if they were allowed to compete.

256. I want you to tell me how they are to be allowed to compete. That is what is sticking me at the moment?—All that is necessary is to give us the clean conveyance rates, and if the railway companies concede me that one half of my case goes—I do not want to trouble you with a great deal of the rest.

257. I am not a railwayman, and I do not know anything about it. Here is a merchant in Manchester who wants to send some goods anywhere. Is he to cart them to Trafford Park?—No, he can employ a carter as he does now.

258. He is to send them to Trafford Park; then what would the Trafford Park people do with them?—Send them to London, say—they are carriers—just as Pickfords did until the railway companies crushed them.

259. That is to say, they put the goods in railway trucks, and send a message to the railways that they want them to come and haul them?—Message to the railways?—we are dealing with a particular depot, with a very big traffic—

260. Assume all that. They would have to send to the railway company to come and haul them?—The Trafford Park Company is a railway company.

261. Will it have its own engines to haul the goods to London?—No.

262. How will it get the goods on to the railways?—It is in connection with all the railways.

263. Then the company would send its own engine to fetch it?—With the other traffic. There are thousands of tons passing that way now.

264. Your suggestion is that any trader can open a depot, connecting himself with the railway company, and then call upon the railway company to carry his goods?—Yes; they have to do it now. They do not do it now because the railway companies in their siding agreements have put in provisions that they are not to carry traffic except for the firm for which the siding is put in. They limit it largely in that way.

265. You would suggest that any person in the Kingdom who desires to act as a carrier should be at liberty to get an Act of Parliament?—No; it does not want an Act of Parliament.

266. And trade as a carrier, and be free from all the restrictions put upon the railways?—Except that he is subject, of course, to the same monopoly restrictions as a railway company. There is only one monopoly restriction.

267. Subject to any Statutes affecting railways, or some of them only?—Two railways, all of them.

268. *Mr. Asworth*: Is he to be subject to maximum charges for the use of the station?—No.

269. He is to be free?—Yes; why not?

270. Is the railway company to continue to be bound?—I am going to tell you that it does not matter two straws whether they are bound or not. I want the railway companies to make money out of their stations, and you cannot do it by any such schedule as suggested by Sir George yesterday.

271. *Chairman*: I suppose the railway companies will have to continue to have goods stations?—Yes, in full competition, and charge what they like for them.

272. You would remove all maximums?—Yes, for the terminals.

273. Is this the proposal of the Federation of British Industries?—In a general way—

274. You remember that the Minister did in writing ask them to make any suggestions for modifying the present system. This is a very large suggestion, and it is the first time we have heard of it?—It is included in our letter.

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275. *Mr. Balfour Browne*: It is not the first time it existed. At one time there was a siding in the north of Preston—more conveniently situated than the North Western station—which belonged to Mrs. Sarah Tomlinson, and she collected traffic from a number of mills in the neighbourhood and forced it over the North Western line?—Yes.

276. *Chairman*: The question that was put was this. The Associations were asked to say whether the present system should be continued or some new system adopted?—This is the present system.

Chairman: And also as to what modifications and variations they considered necessary. I had not realised it was going to be said that all station maximums and terminals should be abolished and that there should be a free competition in service.

Mr. Balfour Browne: Not to be abolished, but a competition under the maximum.

277. *Chairman*: That is not what Mr. Marshall Stevens said.

The Witness: What I have said is this—taking my own opinion of it, at any rate. As regards the terminals of the railway companies it is immaterial to me whether they charge as much as they like or whether they are bound by any maximum. I would like to point out that this is not a new system at all. I have told you already that over one per cent. of the general merchandise traffic of this country is on this particular railway at this particular place.

278. *Mr. Jepson*: But that traffic really arises on the estate or is destined for works on the estate. It is not a special depot such as Deansgate, or London Road, Manchester?—No; because for the one reason that you will not let us have it.

279. I think you will agree with me now that with the traffic you have got to-day it is worked under the utmost difficulty—you know it very well yourself. To talk about transferring all the general depot traffic of the North Western, the Lancashire and Yorkshire, the Midland, and so on, into Trafford Park is not possible?—It is easy enough to increase the number of metals, and easy enough to do four times as much traffic as is done there, at one-half of the cost of any railway station in Manchester.

280. With regard to the point you were putting to the Chairman of Trafford Park as an illustration of what you want, I say it is not an illustration; because the traffic dealt with through Trafford Park to-day is only traffic arriving from or destined for works and warehouses on the Trafford Park estate, and nothing else?—That is quite true as far as it goes; but I mentioned just now a warehouse company, and that warehouse company can deal with the traffic of all the other firms in Trafford Park, and with all the traffic of the other firms in the district outside.

281. *Mr. Balfour Browne*: Suppose I have a siding connected with the main line, I am entitled and am going to be entitled in future to send my traffic over that siding and over the rail?—Yes.

282. Do you know anything in the general law that prevents me taking in their trucks some traffic belonging to my friend Mr. Whitehead?—As a matter of fact, the railway companies, at the present time, are fighting us on the very question, and the matter is postponed. They will not allow us to take other people's traffic in the same wagon.

283. Do you think, if I choose to use the siding which is my own siding for my own traffic, that there is anything in the general law to prevent me taking other people's traffic?—I do not know anything, but I want to get in the position to be able to do it, and in this way you could do more to economise railway rolling stock than anything else the railway companies can do. Would you like to know how?

284. *Chairman*: I know nothing about traffic management, but would not there be a difficulty in handling traffic if every trader put on what he pleased, goods for himself and his neighbours?—The same difficulty as utilising sidings.

285. You are suggesting an enormous multiplication, that the goods yards of the railway companies should be sold and the traffic picked up from an indeterminate number of sidings, everyone who

chooses to ask for it?—I will answer that and show you that would not happen. Any railway siding has to be worked any day, and whether you work 20 or 200 wagons through it, it is only a question of degree. There is the same working. The other point is, they would never be used like that.

286. Suppose you had sidings adjoining main lines where a large quantity of the traffic was express goods and passenger traffic passing over the line, obviously the bringing in of traffic off sidings is a difficult matter which needs skilful handling on the part of the railway servants. Suppose that was multiplied, and the number of sidings and the bringing in of odd consignments of single wagons, and so on, would not it be very dangerous?—No, to begin with, the sidings would not be multiplied.

287. There are other people besides Trafford Park who might see a way of turning an honest penny?—There are hundreds of them already. Each one of those sidings is in the position of working its traffic whatever it is to-day. It may be 10 wagons or 20 wagons; it may be 300 to-morrow. It will not make any difference except in degree whether a much larger amount of traffic is worked on those sidings or not.

288. The question of degree? Is not it of the essence of handling railway traffic? Is not degree the whole matter? What you can do with one wagon you could not do if you had 100 separate consignments of one wagon?—That is my point. That is why I say we can cure to a great extent the difficulty. If you put your traffic as the Germans did—I do not like to refer to the Germans very much and their system, but take it. The German system is this. The conveyance on the railway is done by the owners of the railway. A carrier comes along and takes a 5, 10 or 20 ton wagon and pays the railway company so much for it, and he sees that it is filled right up to the hilt before it goes on its journey. The absurdity of our position in this country is that, due largely to the existing conditions, our traffic is separated into these small parcels. In America to-day there is no truck built during the last several years of less than 30 tons, and to-day their minimum is 50 tons. If we had this opportunity of running our traffic between times ourselves it does not follow that we should go on every day, night and morning, competing with the railways the same as they do now; but suppose having our own railway wagon, a 50-ton wagon, we give a man three days a week to Birmingham and three days a week to London, and so on, the traffic will go in wagon loads.

289. *Mr. Balfour Browne*: I am perfectly ignorant about the matter. Am I right in supposing that in America there are express companies that collect the traffic, do all the work for the trader, convey over the railway, and settle with the railway company?—They do not convey; the railway companies convey. That is the difference.

290. So that all the terminal work there is really done by the express company?—Not all of it.

291. Including collection?—A large amount, but not all.

292. I will pass from that matter.

Mr. Jepson: I would like to know if you are putting forward as a cure for something to-day the proposition that every private siding should be used practically as a depot for the collection and delivery of traffic for anybody who likes to go there?—It should have the right to be so used. In practice it would not be so used.

293. If in practice it would not be so used, why do you put forward the proposition as a cure for the present ills?—Because it is a cure. In practice a large number of these sidings would be used. You asked as regards everyone; that would be absurd. As regards a large number of them, they would be used, and to the greatest advantage of this country, if they could be used by a public carrier, apart altogether from the railway companies.

294. *Mr. Martin*: How would that affect traffic in London? Suppose a great many people in London

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took advantage of the sidings, and had their goods consigned, not only to themselves, but their friends all round where they made money. With the high cost of termini in London, if anybody wanted to deliver by the railway company, what charge would they have to put on?—I take it you mean there would be an additional cost again to the railway company in keeping their stations.

285. Yes?—Let them charge for it. What would happen would be a large number of the most extravagant stations would be sold as valuable land for a great deal more money than they cost.

286. At the present time I think it is clear to everybody the facilities are not too great now in London?—No. Take your siding accommodation. It is exceedingly great in London because of the old system of the railways, but you will get those facilities directly.

287. In the meantime what is the effect upon traffic in London? It means, instead of being charged 7s. 6d. for cartage, you will be charged 10s. or 12s.?

—Because the distance is longer for the cartage, you mean.

288. Not necessarily, because you are taking away a good deal of traffic which helps to pay—the larger the traffic the lower the charge?—You are wrong as regards cartage. The greater the traffic of cartage the cheaper it should be done. The terminal station, I think, is your point, that the station would not do as much traffic in the future.

289. Therefore the charge on the smaller amount would be greater?—Terminal cost, not cartage.

300. Cartage, too.

301. *Chairman*: Even if only terminal, is not Mr. Martin's point absolutely right, that if you take away from the present railway companies half their station business they will have to charge more for the half that is left or else go bankrupt?—Why?

302. Because they have still got interest and everything else running against them?—Why not sell the station?

303. You suggest shut up the stations altogether?—If they have half the traffic they want half the accommodation.

304. Do you seriously put forward that the station could be shut up? If half the traffic fell off half the stations could be shut up?—Yes.

305. You do increase the cartage too?—If the cartage is longer.

306. It would be if you shut half the stations?—It does not follow.

307. The distance must increase.

Mr. Martin: The traffic of London is so congested that we want further facilities?—You do not want further cost facilities, but you can get a large number of facilities.

308. *Chairman*: Does it follow that the new competitors would build their goods stations so very cheaply?—They would never build them. Give me time to answer and I think you will get my point.

Take any place outside London. Take Hendon if you like to go to an extreme case where you have all the railways in the aerodromes, and so on. There is a big station for you. The cost of a railway station in London to-day—take Broad Street, I am sure I am not wrong in saying that costs at least 15s. a ton.

309. Do you suggest that Broad Street could be shut up, otherwise it is not an instance that helps us?—It may be one of those that would be shut up.

310. Would you shut up Euston and do all the business from Hendon?—No, Euston would remain on.

311. Would you do Broad Street business from Hendon or Euston?—Anything that came to it. It is not for the railway company to say.

312. We are thinking of the traders. Suppose Broad Street was shut up, there would be many hundreds of traders who use Broad Street; where are they to send their goods to?—I will give a case in point. Fifteen shillings it costs for station accommodation at Broad Street to-day. They would motor it out to Hendon at less than that.

313. Mr. Martin: You are taking rather a narrow view. You must take a broad view of where these sidings are. Take our sidings at Silvertown?—They are too low down to use them.

314. It is the biggest manufacture in London?—Nobody would cart down to them.

315. We have to deliver those goods away from our sidings on the Great Eastern Railway. They have to go somewhere to be marshalled by the railway companies. They are going to a place where the marshalling is convenient. If you are going to send to Hendon, what are they going to do?—Your traffic would never go to Hendon.

316. Broad Street is closed up?—No, if there is anything at all, why do not you send the traffic now to Broad Street Station?

317. We do.—You have your own sidings?

318. We have to go somewhere else to be marshalled.—If you like to pay the cost of a pound a ton. It must cost somebody to send it to Broad Street?

319. No, the railway companies send their vans in and take their goods from our sidings into the place where they are marshalled for the other parts of the country.—At a cost of 15s. a ton.

320. I beg your pardon, it is nothing of the kind. It must be done, and you cannot upset that all over London and Greater London and the outskirts of London, and certainly you cannot close one or two stations in London at the present time when facilities in London are every day wanted more and more?—I am talking of the reconstruction of the country, not a particular firm or anything of that sort.

321. It may be all right in Manchester, I do not pretend to argue for Manchester, but in London I am certain it would be ridiculous.

322. Mr. Jenson: Do you think it is an advantage that the rate to London should be common to all depots?—North, South, East and West and to the docks?—A conveyance group rate from a long distance, yes.

323. You could scarcely have that if you were limited to conveyance and you went off different points and had differing conveyance rates?—The same group conveyance rate, or any long distance to London for any point in London, including the docks or London.

324. Mr. Acworth: On the top of that there is a terminal?—That is right.

325. I assume you could not prevent the railway companies, suppose you had Hendon private siding arrangement to exist, cutting its terminal charges in order to kill Hendon?—No, not at all.

326. You could not prevent them?—I should not want to.

327. Do you think that would be a desirable form of competition?—I know they could not do it. I should not mind it in practice, I am talking of the practical side of it. I tell you, and I know it of my own knowledge, and you have the facts before you if you like to go into them at the former inquiry, that the cost of these depots, and now with the increased cost of cartage, is greater than the whole cost of conveyance for any reasonable distance. It is that that you have been piling your 50 millions on for, not for the conveyance rate.

328. I cannot help thinking, I dare say you have it clear in your mind, but it seems to me you have been speaking of two different things at the same time, complete truckloads and small consignments?—I am not; I know the difference.

329. Have you had in your mind small consignments?—Yes. We have a case before the Railway Commissioners now where we are trying to get the Railway Commissioners to allow us to put small consignments of less than one ton and make them up into wagon loads for different people.

Mr. Acworth: I do not think that answers the question.

330. Mr. Jenson: For 20 or 30 different stations?—Yes, to go to a transhipping station the same as they go now.

331. Mr. Acworth: If I was a City warehouseman and had a number of small consignments for a number of different places on a number of different railways,

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at present I can send them to Whitecross Street for one company and to Broad Street for another, and so on round the corner?—At present the carts call for them. You can ask your carrier, be it railway company or private carrier.

332. At present they are sent, never mind who takes them. Do you think it would be more convenient and cheaper to send all these miscellaneous consignments to Hendon?—No, I have not said so.

333. That is what I am trying to get at?—I have said that there is a great deal of the London traffic that need not use the London stations, not all of it; that is a very different thing.

334. There is a use for Broad Street?—I am surprised to hear that Mr. Martin goes to the expense, at someone else's expense, when he has a private siding, to cart his traffic into London to be sent off.

335. Mr. Martin: We do not?—I am glad: I misunderstood you.

336. It goes by rail?—From your siding?

337. Yes.—I understood you to say that you carted it.

338. Mr. Jepson: He gets the benefit of the London route, although miles away from the centre of the City, to which the rate applies?—He thinks in the past he has had some advantage over some other competitor, but he has not.

339. You would have different rates if you took a different mileage for the purpose of charging only conveyance?—Mr. Jepson knows very well that all the Liverpool rates apply equally—I am talking of the town rates, rates from Liverpool to London and Manchester to London—for any part of London.

340. That is right?—Including Mr. Martin's factory.

341. Including terminals, cartage, postage, or delivery by truck or rail?—He is paying the equivalent cost to cartage, siding, and two terminal accommodations.

342. Mr. Acworth: Let me be sure that I understand your general principle. As I understand it, you agree that for certain traffic it is necessary to keep stations of the nature of Broad Street?—Yes.

343. Of course that would apply to Liverpool or Manchester just as much as to London. Your idea is that for traffic that could be dealt with in wagon loads there would be an advantage if a great deal could be taken by private sidings, private sidings, probably, in private hands, and dealt with in that way?—That is part of my case.

344. That is what I understand, and I will ask you about it presently, but I wanted to be sure that I knew what you meant. (Mr. Balfour Browne.) I am not concerned with these details, some of which have been put to you, but merely with the principle. Of course, there are thousands of sidings in this country?—Yes.

345. And the proposal is not for an instant to suggest that all those should become stations?—No.

346. They could not, of course?—No.

347. But where there is a siding that lends itself to traffic and it belongs to me, would you mind telling me why I cannot use that siding for other people's traffic just as I can use my house by letting it in lodgings?—I say that you ought to be able to use it, and my whole case is that you ought to be able to use it.

348. I can take a lodger into my house, it being mine. Why cannot I take a lodger into my siding?—That is what I want to know.

349. The railway companies' duty is when I have it there not to inquire into whose traffic it is but to receive, forward, and deliver the traffic?—That is right.

350. When I send a parcel by Pickford to the station does the station enquire of Pickford, is this your own parcel, or must they take it whether it comes from Pickford or from me?—Of course not. Pickford treats it as traffic and will not tell the railway company to whom it belongs.

351. As a fact, instead of shutting up, of course, there would be no great competition with those

large stations, but they might be a great convenience in some cases, as in the case of Preston that came before the Courts in having a siding that might be used by other persons?—That is so.

Chairman: Then we do not get the advantage of shutting them up, we do not get the saving of shutting up railway stations.

Mr. Balfour Browne: I do not think they will be shut up, thousands of traders have not sidings and would prefer to use the railway company's accommodation to any private person's, because if I use your siding I have to pay you instead of the railway company, and very probably the same or a higher rate.

Chairman: I daresay you did not notice that Mr. Marshall Stevens had urged as one of the merits that the railway companies would be able to shut up their sidings and effect large savings, which would ensure for the benefit of the trader. He answered Mr. Martin's suggestion if you took half the traffic from the railway companies, leaving their stations still to be provided for, by saying they would sell half their stations.

Mr. Balfour Browne: That is all in the future and I hope many of those stations will be shut up, not so much by private competition but by the amalgamations which are in the air. I hope many of these stations will be shut up and I do not believe it will be any detriment to the trade of the country. It would be a great saving to the railway companies.

Chairman: Then you take the view that the railway stations would be shut up?

Mr. Balfour Browne: Some might, certainly, especially in London.

Chairman: In London especially.

352. Mr. Balfour Browne: Now I want to pass from that altogether.—At any rate, what I say is this on behalf of the traders, that is a matter that the traders should have the advantage of, one monopoly service of conveyance, and subject to that the traders want the right to do what they like with their traffic.

353. You have, in the answers you have given, covered a great number of questions. Would you mind telling me now where you are in your proof?—The building up of the rates.

354. Will you say what you want to with regard to that?—You explained yesterday the difficulty of giving rates to particular companies and giving particular companies the same degree, if you like, of increase in rates; you have explained all that and I do not want to go into it. What I think, and it is common ground really, is that it wants carrying into operation.

355. Chairman: I am afraid that none of us quite followed the principle. Would you mind telling us what the Federation of British Industries does suggest?—I am going to as part of my evidence.

356. I beg your pardon, I thought you were saying that Mr. Balfour Browne had done it you would not?—We all assume, I think, that amalgamations are going to take place, and the whole point of what we are coming here to say on that is this. It is not practicable for you to fix actual rates on anything like the scale you are referring to until you have got some scheme, until you tell the railway companies what you intend to do—by you I mean the Ministry of Transport. If you are going to set the railways into districts then is the time to ask about rates. The thing is absolutely obvious, otherwise how can you pass back the railways individually, as Mr. Balfour Browne said so fully yesterday. How can you explain the additional money to be given to a company like the Great Central Railway Company when it is not paying dividends?

357. Chairman: Then is the only suggestion you have for us that this enquiry should be adjourned indefinitely?—No, I say that the time has come when the Government should state what they propose to do with the railways, and that if they propose to amalgamate in districts they should say so, when we shall be prepared to help them to come and fix a close schedule of rates.

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358. We have not got to fix the amounts to-day on this part of the enquiry, nor the classification, but we are dealing with the general principles. Will you be good enough to assume, I do not know whether it is correct or not, that there will be a substantial grouping of the railway companies of this country and tell us how the traders think we ought to deal so as to act fairly between the different companies?—The suggestion I have to make is this. If the railway companies would give us and give you the information which they must have as to the ton-mileage receipts, if you object to cost for conveyance of the traffic in this country—how can you?

359. *Chairman*: Will you please finish your sentence?—The cost I want, they know the cost, the ton mileage cost, treating conveyance entirely separate from any other service that they do in every other way, every other accommodation they provide and everything else. Let us see those figures, and on that basis we shall be prepared to give them rates which will do all that they can reasonably ask for, rates that will pay the cost of conveyance and pay a reasonable profit on that cost.

360. *Chairman*: Suppose I were writing a report to the Ministry of Transport of what has taken place to-day, should I be right in putting it thus: we asked Mr. Marshall Stevens, the principal representative of the traders, what would be the proper way of dealing with this question, and he replied, it was impossible for him to give an answer until a number of things had happened which have not?—No, I have not finished yet, because you remember earlier on I told you that the existing maximum rates prior to the War were sufficient to cover that conveyance rate, and I challenge the railway companies now.

361. I think you have missed what I was asking you. We have to make a recommendation as to the general principle upon which the rates should be dealt with. At the moment we are not dealing with amounts. I was asking whether on behalf of the traders you could give any help as to the manner in which we should be able to deal with the different railways. It would be very satisfactory if we could say one single rate for everybody, but we know quite well that we shall be faced with a difficulty, and the difficulty is this, the conditions of the different railways are not the same. Suppose it to be true that there is grouping and the grouping put the Southern Railways not in the same grouping as the Northern, you would have one, a great coal district, and another, a district where was no coal. Is there anything the traders can suggest which would enable us to bring the railway companies into line without making a separate rate for one company or another?—I say there is no difference between any grouping, between any system of railways in this country which requires any distinction on the question of a schedule of maximum rates for the conveyance of general merchandise.

362. We are dealing with actual rates?—Well, actual rates, either.

363. You say that there is no need to make any distinction?—No.

364. If that is your answer?—Absolutely none.

365. *Mr. Davis*: I do not know whether this is the proper time to ask Mr. Marshall Stevens a question or two. I am a layman, and I do not understand these technicalities. I am a Labour member, and I am like a fish out of water. I understood that Mr. Balfour Browne yesterday was in favour of a laymen's Council to set up rates. I know in my life a simple rule is very successful. You have to go to Parliament now, as the tramway systems of the various corporations did, if they wanted to put down another yard of rail. I want to ask Mr. Marshall Stevens if they would like to be free from going to Parliament to alter these rates, and have a laymen's Council to fix a rate and settle the matter without going to Parliament? That is one question. Of course, Parliament is a great power and protection for the interest of the commerce of this country, but the time has come when we want to have evolution and to put the country on a better footing than it is, and avoid a great number of technicalities. Instead of having

billions of rates, we want to classify them and to free industry from the trammels of difficulty. Would you support some Committee, not this Committee, a Departmental Committee of Parliament or some Tribunal, set up as suggested by Mr. Balfour Browne? Would you think that an advantage over the cumbersome method of litigation upon all the things? That is in my mind as a layman member. I think there is too much litigation, at a great deal of cost to the country, although, when I am in trouble, I have never found a better friend than a lawyer. I have to go to him, I must go to him, he is the man for me; but my point is a layman's point, whether British industries would be safer in the hands of a commercial Committee representative of capital—I will not say capital and labour in this capacity, because it is a question distinctly of capital, but I do think Mr. Marshall Stevens might give an opinion upon that?—The answer to that is a very clean one. It is contained in that Bill. (*Producing document.*)

366. I saw that Bill?—That Bill was put forward last year and it is to contain the objects generally referred to. We did intend to refer to it to some extent in this evidence, but learned yesterday from the Chairman that that was a matter with which this Committee was not concerned, the construction of that Committee. I think I am right in stating that.

367. *Mr. Acworth*: There is, however, a lot of common ground between the railway companies and the traders in regard to that particular thing?—Yes, I think it is getting more and more so every day now.

Mr. Balfour Browne: I do not know whether Mr. Marshall Stevens answered your question.

Chairman: Yes, I think he did, he told me that it was unnecessary to make any distinction between various companies; although their position might be different, the same rates would apply to all.

Mr. Acworth: Was that actual or maximum?

368. *Chairman*: Actual as well as maximum?—No distinction at all.

369. For instance, the Great Eastern Railway?—The Chairman put it maximum and asked me, but it is actual, the same.

370. You would give to the southern railway companies for the carriage of coal the same?—I am not dealing with coal.

371. All commodities?—No, I am not here for coal, and I cannot commit people for coal, I am here for general merchandise. The coal case is an absolutely exceptional one on that one particular point.

372. *Mr. Jepson*: Somebody is coming to speak for coal?—Yes, but general merchandise, there is no reason at all.

373. *Mr. Abady*: Sir, I am briefed to appear on behalf of the Mining Association, and the case is quite different.

Witness: I do not want to prolong it, and I will say anything more I want to, in answer to questions.

374. *Mr. Balfour Browne*: I pass away from these points to another matter altogether. Have you compared the old maximum rates of railway companies with those on the Continent merely for conveyance?—Yes, let me just give one illustration, not of the maximum rates, but of the actuals. The Board of Trade Journal on April 8th publishes this, "We have collated particulars which have been collected by the Ministry of Transport and by the power transport and mechanical department of the Board of Trade"—the Board of Trade having got rid of transport, begins again by appointing a department, but that is by-the-by. Just to show the whole absurdity of this, they say in France the railway rates have gone up 140 per cent., in Belgium 100 per cent., and the other countries so much per cent., so as to draw a comparison as to what has been done here with your 40 or 60 per cent. So that anyone may be led to believe that whilst our rates have only gone up 40 or 60 per cent., those in France have gone up 140 per cent. I could take scores of instances, but let me give one. The raw wool traffic of France for the most part is carried at one rate from the channel

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ports to three or four places, Roubaix, Tourcoing and to Aimeins as well, and just that district, and it is 5 francs a ton, which includes the facility provided by the railway company, not a station at the port, the station inland, but no other services except the conveyance. That has gone up 140 per cent.—terrible. It amounts to-day to 12 francs a ton. Our lowest rate before the war for wool from the nearest point to Bradford, 40 odd miles off the Manchester docks, was 12s. 2d. and it has gone up to 22s. I only give that as one illustration to show the absurdity of talking about these increases in percentage, and that our pre-war rates are miles above, to a very great extent, the rates on the Continent now they have been increased.

375. *Mr. Jenson*: You are not comparing like with like?—No, I ought to say that; I must say that.

376. One includes terminals at both ends and the French rate does not include any terminals at all?—I told you what the French rate included. It included the loading place, which is the port and the station terminal inland; it includes both those, no service terminals, no loading or unloading. The English rate includes the dock at Manchester, no station, the station at Bradford, and the one cartage.

377. *Mr. Martin*: The same packages?—Yes, the same packages, the same wool, and everything else, and in competition with one another tens of thousands of tons.

378. *Mr. Balfour Browne*: So much for the increase. If you had the full disintegration of rates in the way you asked, distinguishing conveyance from the other things, is there any reason why the railway companies in competition with other carriers should not quote and carry at the rates just as they do to-day?—No reason at all, let them quote their rates just the same as they do now if they like to in their book, but let us have the conveyance rate so that somebody else can quote against them for the other services.

379. You want to say something with regard to the effects of the 1888 legislation. What is that?—Yes, it is just to lead up to show where the traders tried before to get this through, how they thought they had got it and how they missed it, and what has happened as a consequence.

380. Will you tell us how that was?—The Act of 1888 was an Act which the traders thought gave them so much and which they informed us gave them a great deal. I had a great deal to do with the formulating of that at the time because we felt that without such assistance—by "we" I mean the promoters—the Manchester Ship Canal Company felt it was no good their getting on with the practical work of the Manchester Ship Canal. We got that Act. The Canal Act had been obtained in 1885, the traffic Act in 1888, and we went to the revision in 1890-91. The Canal was opened in 1894. In 1894, after all that legislation had been passed, all the railway companies tried to prevent the Ship Canal Company from connecting up by railway with their roads.

381. The Ship Canal Company had to go to the Railway Commission?—More than that, they would not take the Lancashire and Yorkshire traffic over the Midland siding, and we had to do that and we have had to fight from that time on until to-day. We are still fighting through the Trafford Park Company which follows on from the other, not the same at all, but the same set of circumstances, and we are unable to get what we thought we had under the 1888 Act and what we hoped sincerely to get under this revision, that is nothing more than the conveyance rate being charged separately.

382. Has that combination developed an enormous traffic?—Yes, an enormous trade. As regards that there are many places in this country waiting for the same thing, for development. There is Avonmouth, Nottingham, which has light railway powers already, waiting to join up to get this. I saw in the "Times" a few days ago it said that at Slough they want to work on the same principle as Trafford Park on

reconstruction lines to get this, and it is impossible, although the Great Western in that case will be the only line. They are not allowed by the other lines to give facilities. They might want to do it themselves.

383. The Chairman suggested a scale of 100 to 500?—Yes.

384. In order to make that useful do you require the cost of conveyance to be ascertained?—Yes, unless you have the cost of conveyance—first of all the general traffic, if you get it for the traffic outside the mineral, but including the mineral if you like, I would even go to that extent, if you have the cost or the receipts from conveyance alone in a general way before this Committee, you could then form a basis which might make a means out of which those several class rates could branch, something on the lines the Chairman has said.

385. *Chairman*: Is my advice to be that until we get the cost of conveyance nothing shall be done?—I think you ought to go on getting the cost of conveyance.

386. Some people say it is impossible. Would you say until we get it that nothing is to be done and leave things as they are?—If it is impossible you say some people say, for goodness sake do not do anything.

387. Leave things as they are?—Yes, and we will deal with it again in Parliament.

388. This is Parliament; we are to advise the Minister as to what he is to take into Parliament?—We will deal with it outside you if you cannot find the cost of conveyance or the charge made for conveyance.

389. They are two totally different things?—I agree, but they will do for my purpose as long as it is deleted of all the other circumstances.

390. *Mr. Acworth*: Let me understand. When you say cost of conveyance of merchandise?—General merchandise.

391. Do you mean the cost incurred for the merchandise only, or do you mean the cost incurred for the merchandise plus all the costs of producing the road, and so on, maintaining the road, the costs that are incurred on behalf of the traffic as a whole. Which do you mean?—Both. You begin by finding out what the whole thing costs.

392. The total cost of working the railway?—No, the costs of conveyance over the railway, not working the railway. You get wrong entirely.

393. Does the cost of conveyance over the railway include the provision of the railway over which you convey?—Yes, but not the provision of anything else in connection with it, only the cost of the lines.

394. Is it not clear before you try to get that you would have to come to an agreement as to how many signal boxes belong to the road, and how many belong to the station, and so on?—In the same way every business man comes to an agreement with himself when he makes out his accounts of profit and loss.

395. If somebody sent you a bill, and said it was reasonable because his cost of production was so much, that would not quite satisfy you unless you had a chance of investigating it?—Quite right.

396. Is it not the same between the railway companies and the trader? If the railway company made out what they said were their costs, would you accept it?—Only subject to a Committee like this. If this Committee examined it and said it was right I should accept it.

397. It must take years?—No.

398. Because we have to settle which side of the line every signal box comes?—No. You have the North-Eastern Railway, or any of the railway companies; they can all tell you what are their railroad costs, apart from their stations, including signals. They can all tell you what their traffic is on those lines.

Mr. Balfour Browne: They have to do that in all rating cases.

Mr. Acworth: We know that, but do you attach much importance to that, *Mr. Balfour Browne*?

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[Continued.]

Mr. Balfour Browne: The value of the road is taken entirely separate from the station, and the railway companies have to do that for the whole system.

Mr. Acworth: Do you suggest that these are valuable figures for the purpose of this Inquiry?

399. Mr. Balfour Browne: I am not bound to speak for the railway companies?—Apart from those side issues altogether, this is a serious matter, and one of the most serious matters that has to be considered here. You have your railway company, you delete everything from it except that part of the railway, as you put it, from point to point on the railway. You know the cost of working it right through.

400. Chairman: Do you?—Yes.

401. For merchandise?—For all traffic combined.

402. Yes?—Of course, when you are keeping a shop, before you give the profit on one item you sell, you have to take the overhead charges and all that kind of thing. I am assuming that, of course. You take your railway, all traffic combined. You can be told that on this particular railway so much of the income is from passengers and so much from merchandise. The railway companies can compute for you; we could make a suggestion on it, that on that particular railway, and you will find the same will not be very different through the country, so much has to be set aside for passengers and so much for general merchandise. Then you get to a point where you know at once. You get into figures then that will surprise you. The railway companies know them now. Mr. Jepson will not tell me he does not know them, he does.

403. Mr. Acworth: What are the figures that they know?—They must know as every merchant and every trader must know what it costs them to carry on their business.

404. As a whole?—As a whole first, but with those extraneous matters taken out secondly.

405. Chairman: I want to know how you are going to do it. Suppose it turns out it costs them so many shillings to run a train and the average number of tons contained in the train are so many. Assuming you have settled the question of passengers, how are you to know what you are to take out of that to arrive at your cost of conveyance only, because the railway company have the aggregate figures and they have their stations, engine houses, signal boxes and heaps of things which you, I understand, are going to take out?—Not engines.

406. Engine houses, you leave in the engine houses?—Yes.

407. You have to value the engine houses to find the cost of constructing the line?—Not necessarily.

408. You would not give the cost of constructing the line?—You could get that afterwards as a cost on capital if you liked.

409. That is another form of the same thing. How are you going to separate from their accounts, which give the aggregate correctly, the portions which you are going to discard?—We cannot do it; they can do it.

410. How?—They had to give the cost at the last inquiry of their stations. They give them separately.

411. It is not one item; it is hundreds of items?—That is right, it goes on one side.

412. And also large portions of their rates would have to be taken out?—Yes.

413. You have a particular man at a station who to some extent is used in handling the goods and seeing to the traffic there?—There is no man employed at any station in the conveyance of traffic.

414. Do you ignore all the signalmen?—No, they are all employed in the conveyance of traffic.

415. Take a small branch where the same man sets the signals and all the other work, do you split him up?—He does not, he is not allowed to do more.

416. Is he only allowed to do his own?—I understand so.

417. Mr. Jepson: No, let me say at once Mr. Stevens has suggested that the railway companies do know these figures, and that I know that they know them. I want to say at once there are no such figures in existence, and the railway companies have

not got such figures. We have recently had a case where it was necessary before the Railway Commissions to split up the increase cost of conveying passengers as distinct from goods and it was a most difficult proposition. After that a good many estimates had to be taken for the reasons you mention, the signalmen, the permanent way men, drivers, brakemen and all engaged in dealing with both classes of traffic, and you had to assume figures in order to arrive at something approximate; but after you have the cost of working the goods and the goods receipts, to say you know how much your terminal costs you against your conveyance is impossible. It would be a series of very rough estimates and then you would not have anything approximating the truth?—Impossible is a word very often used by the railway companies. Assumed figures, I agree to a very large extent they have to be assumed figures, but give us the assumption. You are making them out now your ton mileage; we were told that was impossible. You are making them now, you are giving us ton mileage. All I want you to do is not to put into that ton mileage a big loss on a dock. I have pointed out recently to the Minister that a steamer coming into the Hull Docks, which is a railway company's dock, pays nearly £1,000 less, she and her cargo, than she does when she goes into Liverpool or London. In either case where the docks just pay for themselves that £1,000 has to be borne out of our railway rates. Those are the things we want put on one side, they are nothing to do with conveyance.

418. Mr. Jepson: You have assumed very little has to do with conveyance because you made a statement that the whole of the 50 millions, or practically the whole, which has been raised or directed to be raised by the Minister of Transport, by the railway companies, was not for conveyance at all?—What I said was this, and I adhere to it, that the existing maximum rates prior to the War are sufficient to-day for conveyance purposes notwithstanding the increase in wages. I adhere to that. If that is so it follows that the 50 millions, any loss at any rate made by the Government in working the railways is not a loss on conveyance. It is a loss out of the other services.

419. Mr. Acworth: I do not think any of us could contradict you, but I am sure you do not make that statement because you know we cannot contradict it. You must have some reason for making it. Will you tell us what the basis of your calculation is?—The basis is this, that in every country in the world the existing rates, the increased rates, are not so high as the maximum rates of this country prior to the War.

420. You were talking about France. You know what the average rate per ton mile is in France?—I have not looked the figures up.

421. Before the War it was two-thirds of a penny?—Cost?

422. The average ton mile charge was two-thirds of a penny. If it has been more than doubled, as you say, it must now be one and one-third of a penny, or rather more?—Yes.

423. You have seen the English ton mile figures. Have you seen what they are?—I have not them by me.

424. If you take it from me, half of the month being at the rates that were put up 50 or 60 per cent. and half at the old rate, if my recollection is right, the average ton mile rate of the English railways was 1.3, so that it is less even with the fact that half of it was increased considerably. It is less than the French rate is to-day?—I have to take your figure.

425. Will you check it before to-morrow?—I have not seen them for some years. What I know in practice is this, and I have given an illustration. I can give many. With our rates to-day the railway rates in England are two or three times as great as they are in France.

426. Chairman: Mr. Acworth has challenged you with a particular figure of average rates. Have you verified that at all?—I said I have not. I have not seen them for years.

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[Continued.]

427. Are you in a position to say whether the English rate—2—I am not in a position to say, because I have not seen the figures for years.

428. *Mr. Jepson*: When you make a statement that the maximum rates in the 1891 and 1892 Rates and Charges Order Act is sufficient to meet the cost of conveyance to-day, what is the basis of that statement?—On the basis those rates are higher than the conveyance rates in other countries.

429. *Mr. Acworth*: I have the figures here; here are the receipts per ton mile for the four weeks ending 1st February?—What for?

430. For all traffic on all railways in England and Scotland?—Including what?

431. Including gross freight train receipts, including collection and delivery, 1.276?—Including collection and delivery.

432. Yes, leave that out, we do not want it. Freight train receipts less cost of collection and delivery, 1.155. I put it too high.—Will you tell me whether the French figure you gave included all those charges or not?

433. Certainly. The official French figure, I think you will find my recollection is roughly right, before the war was 1.67.—For what?

434. All traffic, all distances.—All services?

435. All charges that were included in the rate, just as in England.—I should like to look it up.

436. Both France and Germany were roughly the same, two-thirds of a penny?—I will look at that again, but how does it arise? It is incontestable that our English rate is much higher than the French rate?

437. I will tell you why, because the gentlemen whose rates are always high call attention to the fact, and the gentlemen whose rates are low lie low and say nothing. Is not that natural?

Mr. Balfour Browne: As I understood, the only thing that was excluded from that ton mile rate was the cartage.

Mr. Acworth: The double rate is given first with cartage and in, and secondly, with cartage out.

Mr. Balfour Browne: Therefore all expense of terminals was included?

Mr. Acworth: Certainly.

438. *Mr. Balfour Browne*: As I understood, what you were comparing in the figures you gave when you referred to 140 per cent., was French rates for conveyance?—That is right.

439. What I desire is that the conveyance should be charged. (*Chairman*): If that is right, then England is far below France. If the French rate is conveyance only, and is now about 1.3, the English rate, including terminals?—Mr. Browne was referring to the rate I gave for wool.

Mr. Balfour Browne: Does that give the rate for France?

Chairman: No. If Mr. Marshall Stevens' statement is that these figures deal with the French figures without terminals, these are the English figures with terminals, so that the comparison is more favourable to England.

Mr. Balfour Browne: It would be, if that is so.

Chairman: I assumed that the French figure had all in.

440. *Mr. Jepson*: It is contrary to what Mr. Marshall Stevens told me. When I asked him if he was comparing like with like, he said that the French rate he quoted for wool included the use of the dock and the use of the station inland, but no services?—That is right.

441. *Mr. Balfour Browne*: They were both intended to be inclusive?—Not both, not to the same extent.

442. I understood you to give a comparison of two particular rates?—Yes.

443. In that case the French rate was lower than the one to Bradford?—Much lower, after the English terminal is taken off. I was very careful to explain what the terminal was.

Chairman: I was not paying nearly as much attention to one rate—you could take exceptional English rate—but the average.

Mr. Balfour Browne: One swallow does not make a summer. I have not seen that book, but I will have a look at it at once.

444. Let me understand what you mean by the conveyance rate. In it there must be cost, for locomotives, for men driving the locomotives, for coal, for signals along the way?—Yes.

445. And for the permanent way?—Yes.

446. If the permanent way is used by ten tons of traffic and 100,000 passengers, the capital cost that is to be relegated to the goods should be smaller than that which is relegated to the passengers?—Yes.

447. That could be got out and done?—It is a matter of assumption between the two.

448. I do not know whether you know, as no doubt the Chairman does know, that when there is a railway running through a parish or a union, where there is no station, you still have to get at what is called in the Parochial Assessment Act, a rent at which it might reasonably be expected to let?—No, I do not know that.

449. In order to do so, you have to take off the whole of the value, which are to be separately assessed in totally different parishes?—I take that from you. I do not know.

450. St. Pancras has to be assessed in St. Pancras, and that would have to be taken off in order to arrive at the value of the line in Hendon. If that could be done for rating purposes could not it be done for the purpose of rates?—I am sure it could be done for the purpose of rates in a very reasonable way. As to exactly accurate figures, we do not ask for that.

451. I think, having regard to the large number of questions which have been asked you by the Tribunal, I need not ask you anything more except this. Besides being connected with the Federation of British Industries, I believe you are a member for a trading community close to Manchester at the present time, which is full of industrial works?—Eccles?—Yes.

452. Therefore, your constituency, besides the Federation, is also interested in the question of railway rates?—Yes.

Sir Lynden Macassey: May I say, on behalf of the railway companies, that when we have considered Mr. Marshall Stevens' evidence we should like your permission, if necessary, to put some questions to elucidate certain matters, but I do not propose at this stage to ask any question of him.

453. *Chairman*: Very good. You quite know what we are here for, and that is to report generally. Are there any other matters that traders have in mind on the manner in which rates are now being fixed as to which there ought to be alterations?—The export rates, as Mr. Balfour Browne suggested.

454. That is not quite the point I am on. You know this Blue Book very well on Railway Rates and Charges?—Yes.

455. It sets out the conditions, practically, upon which things are to be carried, and when special charges are to be made, and the minimum charges for short distances and so on; fractions of a penny; weight to be avoided; classification of unenumerated articles, and so on; and returned empties, and a whole number of things. May I take it that traders do not wish us to deal with any of these except to the extent which you have already told us?—And as Mr. Balfour Browne mentioned to you, there are exceptional cases which will be brought up.

456. We may take it that the traders are, generally speaking, satisfied with the contents of this book, except so far as it has been called to our attention?—On form, not on quantum—I think so.

Sir Robert Aske: May I put two or three questions on behalf of the Chamber of Shipping?

Chairman: Certainly.

457. *Sir Robert Aske*: You say if there is a scale and tariff laid down for the whole country, that it is necessary to have certain additional rates?—I am afraid it may be found necessary to have some additional exceptional rates.

458. I understood you to say that, in making that statement, you were not speaking for your Federa-

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[Continued.]

tion?—No; the question of that only arose to-day. That particular point has only arisen to-day.

459. Then, is the Committee to understand that the Federation of British Industries has really not carefully considered the question of whether, if a definite scale of charge is laid down, any exceptionals are necessary?—That is quite true.

460. Then you are not in a position to state any principles on which any exceptional rates are to be

based?—Exceptional exceptionals, none. I intend to try, if I can, to help the Committee by suggesting something. I intend to try to make a suggestion, and I shall be very glad to talk it over with Sir Norman Hill.

461. If you are making any suggestion, could it be in the direction of principles, and not merely of a different rate wherever there happens to be competition?—Yes; I quite follow.

Major-General SIDNEY SELDEN LONG, called.

Examined by Mr. BALFOUR BROWNE.

462. You are Managing Director of Messrs. Lever Brothers?—I am one of the managing directors.

463. In connection with that position you have dealt, of course, with an enormous amount of traffic?—Yes, I have been dealing with traffic.

464. You are a member of the Federation of British Industries?—Yes.

465. Also of the Transport Committee of that body?—Yes.

466. A member of the Council of the Traders' Traffic Conference?—Yes.

467. A member of the Traffic Committee of the Association of British Chemical Manufacturers?—Yes.

468. Chairman of the Traffic Committee of the Soap Association?—Yes.

469. Chairman of the Motor Transport Employers' Federation?—Yes.

470. Vice-President of the National Motor Users' Association?—Yes.

471. And lately you were Director-General of Transport and Supplies for the War Office?—I was Director of Transport Supplies for the War Office.

472. I want to ask you particularly about one or two matters, but, generally, you have heard what Mr. Marshall Stevens has said on the main principles. Do you generally agree with him?—I do.

473. You were party, as member of the Transport Committee, to the reply that was sent to the Minister in answer to his letter of 6th February?—I was.

474. The second paragraph of that letter says: "The Federation considers that the basis of the present system of charging varying rates by classes should be continued, subject to the modifications and suggestions set out below." Do you agree with that?—Entirely.

475. Are you of opinion that there should still exist a maximum rate as distinct from an actual rate?—A maximum rate, in my opinion, is essential for the ordinary protection of the trader.

476. You are entirely at one, I understand, with the railway companies that there should be two classes of rates, owners' risk and companies' risk rates?—Yes, we should have both.

477. Is the railway companies' consignment note for owners' risk a satisfactory note?—No; practically speaking, the present practice of the railway companies is to repudiate all responsibility of any kind or description as regards the traffic given to them to be carried at owners' risk.

478. They request a trader, as I understand, to sign a consignment note which will relieve them of all liability whatever?—On the present consignment note, practically speaking, there is no responsibility on the railway company, except the nebulous one of wilful negligence of the company's servants, which is impossible to prove in most instances.

479. The conditions of such a consignment note would not be enforced by law unless the parties had agreed to them?—The railway companies put into their consignment notes conditions which are really the terms of an ordinary contract between two individuals, and they force the trader to accept those conditions in some instances by threatening to refuse to receive the traffic. I believe, although it has not happened to myself, they actually have refused to take traffic until the trader has signed either that particular contract note or a general indemnification showing that he accepts it.

480. Do not take it from me as giving a legal opinion, but you can conceive, if they did refuse to

carry traffic except on the signature of conditions that were not approved, they could be forced to do so and afford reasonable facilities before the Railway Commission?—Yes.

481. But that means a very expensive action at law?—Yes.

482. It cannot be carried out in every case?—It certainly cannot be carried out in the case of the smaller trader who has neither the means nor the facilities of going to the enormous expense of taking a case to the Railway Commission Court.

483. The large traders, at any rate, have been able to force their traffic through, notwithstanding the refusal of the railway company to accept them?—That is so.

484. With regard to the letter to which I was just referring, you said you thought that maximum rates were essential. Will you just tell me your view on that matter?—It is perfectly obvious, in view of the past history of rating, and in view of the position that the railway companies are in, that is to say, that they differ altogether from the position that would be taken up as between two ordinary trading companies or two ordinary individuals, by the fact that the railway company is protected by some special Acts of Parliament—it is in a position to enforce its will in many directions, that it would be impossible for a trader to go to the railway company and say, in spite of there being no maximum, "I wish to make contracts for the carrying of certain goods a long way ahead; will you sign an agreement with me that your rates will not vary within a certain period?" The railway company would laugh at you if you ever suggested such a thing.

485. It would not do it?—No; consequently you will always be in a position, as some traders were during the last rise in rates, of being caught delivering goods, and all your profits being swallowed up, and, in fact, facing losses, owing to a sudden increase of rates.

486. Is trade apt to be seriously impeded by the arbitrary raising of rates by a railway company?—That must necessarily follow—all trade will be affected.

487. Supposing a railway company did arbitrarily raise a rate, of course even under their own proposal there might possibly be an appeal as to the reasonableness of that to the Railway Commission; but again, is that too long a delay to facilitate the traffic?—It is obvious that the matter of that kind, to be of any use to the trader, should be one that could be quickly and rapidly settled.

488. It is no use telling me that I have a remedy three or four months after the traffic has ceased perhaps to come?—Yes.

489. Therefore, in your view, it is essential, especially for the small trader, to have some limit beyond which the railway companies cannot go?—Certainly; most necessary.

490. Chairman: Is it your view that there ought to be a maximum, an actual rate, within that, or do you mean that there should be one rate which should be the maximum?—No, there should be two classes of rate; the maximum rate beyond which, without complete revision and consent of Parliament, they cannot go.

491. Would you give them the power to alter their ordinary rate up to the maximum as they pleased?—No; once they had fixed their actual rate, then any variation of that should be only done with the special consent of the tribunal.

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[Continued.]

492. When the maxima has been fixed, would you give them the right to fix their own rate in the first instance?—I think the ordinary rate should be fixed by the tribunal.

493. What is the point of having a maximum if the tribunal is going to fix it? It will protect the trader. According to you, the railway company is never to fix its own rates, neither in the first instance nor subsequently. If so, why do you want maxima, if the trader has always the protection that the rate will not be fixed by the railway company, but by an independent body?—But the railway company would fix its own rate, and the trader would have the right to appeal if he considered that was an unjust or an unfair rate.

494. Let us go back and get it right, as I must have misheard you just now. In the first instance, who would fix the rate?—Do you mean the maxima?

495. No; the actual rate.—The actual rate would be fixed by the railway company. The railway company would name the rate at which it would be prepared to carry.

496. Supposing we recommend to the Minister, and he adopts it, and Parliament passes it, we should only then fix the maxima, and the railway company would fix the actual rate?—They would fix their rate always bearing in mind, I presume, that if they put the rate on the maxima all the way through they would be simply faced with an endless quantity of, I will not call it litigation, but appeals.

497. You said they might fix the rate. Who is to fix the rate in the first instance? You must have it one way or the other. The railway company would publish the rates somewhere within the maxima, that is to say, it might go up to the maxima for all the rates?—Then it would be up to the general body of traders, if, in certain instances, they thought that rate was unfair and unreasonable, to go to the tribunal and ask to be heard on the matter.

498. Then your suggestion is maxima fixed by Parliament, rates fixed by the railway company, but with an authority to the trader to appeal against those rates to the tribunal and ask that they should be revised?—If he considered they were unreasonable.

499. The onus of proof would then be upon him?—Well—

500. It is a very important question. Have you thought of it?—Where the onus of proof would be? It would be partially on the railway to say this is absolutely necessary.

501. You are missing the point. On whom is the onus of proof, when he comes, as applicant, to get the rate reduced?—Well, I do not know that I have really considered the point.

502. Is not it one of quite first-rate importance in our inquiry?—I quite agree.

503. It seems to me, according to you, there are two alternatives, or really three, but let us deal with the two first—that Parliament should fix the maxima in each case, and then should leave it to the railway companies to do what they pleased within that maximum. That is an intelligible position, but it makes the railway companies to some extent masters of the situation. The other position is that Parliament should, with the assistance of some expert tribunal, fix the ordinary rates, and then not allow them to be changed except subject to certain conditions. In that case, you need no maxima, because it is not being left to the railway company to do what they please, because there is an independent body or Committee which must be assumed to act fairly. As between those two, are the traders set upon the first—the maxima?—I think you are bound to have a variation, because conditions may change. I gather from what you say that you propose you would fix a definite rate.

504. Please do not think I am proposing anything. I want to know what you recommend us to advise the Minister?—I say you ought to have maxima. Within those maxima, there would be the working rate.

505. Fixed by whom?—In a general revision, when you think you are going to have a general revision

of rates altogether, possibly it would have to be fixed by some special tribunal agreed to.

506. What is to be done now? I am talking at the present time. This is the great revision of rates which has been dangled before the traders as a sop to them for having consented so well to the putting up of the rates 50 or 60 per cent. the other day. The suggestion is that there is to be a general revision of rates. One suggestion is that the tribunal shall recommend the particular rates, and those should be imposed upon the railway companies. That, one might almost think, would be the natural proceeding, and you have called in a tribunal to deal with it. The other is that there should be fixed maxima, and if these maxima are fixed the tribunal is *functus officio*—it has done its work. Who is to fix the rate within the maxima? If it is the railway company, they have the absolute right to say what is to happen?—I take it that the tribunal should fix the actual rate.

507. Then what do you want the maxima for?—Because Parliament should say, whatever has been fixed and whatever in the future the tribunal may agree to as to a further increase owing to a variety of circumstances which may occur, this particular rate, the maximum rate, shall not be exceeded except with the consent of Parliament.

508. You mean it shall always be made a Parliamentary matter. What sort of margin would you allow in those circumstances for variation? Assuming for the future, you have got a tribunal that is at liberty to put up the rate, what would you say the maximum ought to be above the present normal rate to allow for contingencies?—I think myself, if you were fixing the rates on an economic basis to-day, say the railways were run on an economic basis, supposing we had actually fixed the rate—that another 10 per cent. or 15 per cent. would be amply sufficient for a margin.

509. Do you think it would be a convenient practice, first of all, to fix a rate, and then for Parliament to indicate whatever changes in the circumstances there may be, no greater increase than 15 per cent. shall be made by the tribunal?—That would be my view.

510. It certainly is an intelligible one, and we get, as it were, a single scale with only a 15 per cent. margin to go up to the maximum?—Yes, and it would enable the railway company to lower rates, or enable anybody to apply to get the rates lower still, if it was considered proper.

511. The fluctuations may be either up or down?—Yes.

512. Supposing a railway company has put down a rate by agreement with traders, would you allow them to put it back without going to the Tribunal? Imagine the case of a rate fixed for grain to-day at so many shillings for such and such distances, and it was thought desirable to fix a lower rate, and the railway company agreed to a 10 per cent. reduction—would you leave it to them that they might withdraw that consent, and put it back to the rate originally fixed by the Tribunal, or do you say they could only manage that by appeal to the Tribunal?—I should say in such a small matter could go to the Tribunal—a mere alteration of rate, it would throw no very great stress on a business Tribunal.

513. Your answer is, you think they ought not to do so themselves, but they ought to go back to the Tribunal. You would not allow the railway company to do it themselves in that particular case, but you say the Tribunal should do it?—There would be no difficulty beyond the fact of showing this particular traffic—which they could easily prove—was not being carried at remunerative rates. They would say, "We reduced this rate because we were carrying large quantities of grain from point A to point B, and the traffic was worth our while then to make a special arrangement for it."

514. Or possibly they might say, "We thought if we did make a reduction we should get a large increase"?—Yes—and it has not fulfilled the conditions at all.

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[Continued.]

515. You would look upon that as being a sufficient answer, because you know at present there are considerable difficulties about defining the increase in cost. While I respectfully agree, I want to be sure it is your opinion?—Yes, it is one's own experience in negotiating with railway companies. When I have been negotiating various points with the railway companies they say, if you can promise us 30,000 or 40,000 tons a year from this point to that, then we shall arrange for certain facilities. It is an obvious business arrangement.

516. You would consider it good enough, to take the case we are discussing of grain, if they said we give them a lower rate as we thought there would be a large increase in traffic, which has turned out to be a mistake, and therefore we ask to withdraw it; you think that would be a reasonable ground?—I should say it would be quite a reasonable case.

Chairman: Then, I think I do understand your position about maxima.

517. Mr. Balfour Browne: I do not propose to examine on anything you have asked, Sir, but I want to get it clear to my own mind. I understand you are in favour of maxima, but the actual rates should be within the maxima?—Yes.

518. Should the actual rates be reasonable rates?—A reasonable charge.

519. Reasonable rates, having regard to all the circumstances, I take it?—Yes.

520. In those circumstances, if there is a difference as to reasonableness between the trader and the railway company, that would have to be referred to somebody. As I understand you, you talked about the Tribunal?—Yes.

521. Is it your view that that Tribunal should, if possible, be a commercial tribunal rather than a legal tribunal?—Certainly; they are dealing entirely with commercial questions.

522. Is it a fact that, without saying one word in disparagement of the Railway Commission, it turns out to be of very little use to the traders of this country?—Well, you can judge that by the number of cases that appear there. You are always advised by your legal advisers to avoid it. It is impossible to get anything from it.

523. Expense largely is a thing which would not affect such an enormous interest as yours, but would affect small traders—the expense of the railway commission is very great?—That makes a difference.

524. What you want for small traders, especially, is an expeditious, cheap and ready Tribunal?—Yes.

525. You would trust to that Tribunal to fix the question of the differences between the trader and the railway company as to the reasonableness of the rates?—Certainly.

526. I am only taking you through certain special points, and not through all those that we have gone over already. The next matter I want to ask you arises on paragraph 4 of your answer. "The maximum rates should be based on conditions already applicable, namely, Classes A and B, four tons per consignment; Class C, two tons per consignment; and Classes 1 to 5, any quantity. To the trader who provides traffic under Classes A and B in train loads, truck loads or consignments of ten tons and upwards, traffic under Class C in truck loads or consignments of four tons and upwards, and traffic under Classes 1 to 5 in truckloads, or consignments of two tons and upwards, there should be percentage reductions where no lower exceptional rates are in operation." What have you to say to that?—That is in regard to the claim, which I understand the railways are anxious to get rid of, namely, that consignments should be got rid of and it should be in truck loads—well, I say it would act very unfairly on the trader.

527. Why?—A trader may submit a traffic to a railway company, say, in ten tons. The railway company would propose to say that eight-ton trucks and put eight tons into one, and two tons in the other—Then they say there is only one truck load, and the rest of the goods we will carry in ton loads, and thereby it would cost the trader an increased amount, as the railway company would say, "This is not one con-

signment." That is obviously unfair. The amount should be by quantities; four tons, six tons, eight tons, or, at all events, going up by blocks, but certainly not by truck loads, which is unfair.

528. As I understand, supposing you had ten tons to send, and they had a ten-ton truck, it would all go as one consignment, and at a much cheaper rate. If there is only an eight-ton truck, you have to put eight tons into that, and two into another truck, and they charge more?—Yes.

529. That you do not want to have?—That is unfair on the trader.

The Chairman: Is that the practice at the present time?

530. Mr. Balfour Browne: It is the practice at the present time, and I think the railways desire to continue it. They say there should be a truck load charge. With regard to paragraph 8 of the letter, in your view it is not necessary at all to distinguish between express and other traffic?—No, if we got back again to the quite excellent pre-war services, I think all the traders would be quite satisfied.

531. With regard to paragraph 9, that says there should be an owner's risk rate. You have already dealt with that, I think?—Yes. Might I mention a point under 8 which is a question of perishables? It is a very important one. It does not affect me personally, but it does affect a very large body of traders whom I am speaking for. The schedule of perishables should as once be revised. At the present moment, the list of perishables as shown is a somewhat short one, and I think probably the agricultural people would agree with me that that list should be revised, and many other things added on which are perishables to-day, but are not so shown. Therefore, the railway company is not obliged to take them as perishables.

532. Mr. Jepson: You mean by passenger train?—For passenger train. There are many things they can decline to take, as you know. We will take the question of margarine. You can refuse to take margarine by passenger train.

533. You are confining it to perishables by passenger train now?—Yes. You ought to be able to send that, because if you take that particular thing it is an article that goes bad very much more quickly than butter, but it never existed when that list was made out.

534. Chairman: Would you see that somebody on behalf of the traders supplies us with a list of the articles which you say ought to be added?—I should be very glad to.

535. If you are to help us you must tell us the actual ones, and not only the abstract principle?—Yes.

Mr. Jepson: That will come out when we are dealing with classification.

536. Chairman: Perhaps it would, but we might have the list to see whether it is necessary to deal with it on general principles?—The matter is important, because it does affect a large amount of trade in the country, and it is one that ought to be cleared up. The railway companies themselves, I think, would agree it ought to be cleared up and put right. I think Mr. Jepson would agree to that.

Mr. Jepson: I know that difficulties have arisen about it. We have had it before, as to whether margarine should go the same as butter.

537. Mr. Balfour Browne: You will do that for the Chairman?—Yes.

538. I pass to something else. As to the small parcels' scale, the suggestion of the railway companies seems to be the same as is in practice?—It is their present practice.

539. You have nothing to say about that. I want to ask about cartage. In their proposal as to cartage they ask a trader, as I understand it, to elect whether he will do his whole cartage or not. If he does his whole cartage, he can cart; if, on the other hand, he proposes only to do a part, the railway companies will not cart the other part?—That is what they are proposing, but it is not the present practice.

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MAJOR-GENERAL SIDNEY SELDEN LONG.

[Continued.]

540. Do you think that is a reasonable proposal, or would you rather have the present practice continued?—I see no reason why you should alter the present practice. The railway company has gone into road transport, and it is in that respect a common carrier, and it has to suffer from the same advantages or disadvantages, as the case may be, of a common carrier working on the roads.

541. A common carrier is bound to carry anybody, so long as he has room in his conveyance, or has room to carry goods?—Yes.

542. The railway companies are seeking to alter that position, and that you are opposed to?—I see no reason why he should be given by law any greater facilities than are given to other common carriers.

Mr. *Balfour Browne*: I have tried to keep General Long to the special points which had not been covered by the other evidence; so that is all I propose to ask him.

543. Mr. *Acworth*: Being in a large way of business, would you like to pledge yourself at this moment that your costs were not likely to go up in any circumstances more than 15 per cent.?—Well, I am afraid in the present condition of the market, it would be somewhat difficult to say, but I should not be prepared to say, in my case, that the costs in certain directions will only reach a certain percentage. So far as the railway companies are concerned, the main factor governing great increases, is wages. For the amount of capital involved they employ a very vast mount of labour, and wages affect them very largely, and incidentally, of course, their coal bills. But, taking other general costs, they do not suffer from violent fluctuations like ordinary business concerns.

544. I was only thinking of this. If we followed your advice and put a margin, would you think it safe to put so small a margin as 15 per cent., because to go to Parliament and revise it a year and a half after it had been fixed would be undesirable. We shall all agree to that?—Well, I said 15 per cent. because, after all, it would not require a very lengthy process, but merely a short Act passed through Parliament authorising a further percentage advance on the maxima rates.

545. It might involve considerable political difficulties. Ministers might not be inclined to bring it up; or they might not think it the time. If 15 per cent. is the basis, you can quite imagine increasing it in a year or two, or do you think it is enough?—If you take the last increase, which was said to bring in 50 millions of money, and was worked out on a general average, certainly taking tonnage, it cannot be much more than about 30 per cent.

546. About an average of 60 per cent. on the value?—60 was the highest put on?

547. No, there were the flat rates in addition. You are not allowing for them. It produced the effect of adding 60 per cent. to the revenue?—Allowing that, surely, to allow the railways a further advance, on their showing, to the satisfaction of the Tribunal, that it was necessary, to the extent of putting another 12 or 13 millions on the public, is quite enough power to give them.

548. You would clearly agree that the Commission would have to begin by fixing rates which were reasonable to the railway companies?—Certainly.

549. If it was reasonable to the railway companies that they should get 100 per cent. more, you would agree that they ought to have it?—If it could be shown.

550. Is 15 per cent. such a margin as we can imagine will be too little in the immediate future?

—After all, if you take the old rates and you say the increase averages 60 per cent., and you put another 15 per cent. on top of that, you are not putting on 15 per cent., but you are putting on approximately 50 per cent.

551. I am not asking about what your costs were before the war. I asked you whether you thought it was something you might contemplate as quite possible that your costs would increase 15 per cent. beyond what they are now, and I understood you to say that you would not like to say they might not?

—Because I am dealing with markets which fluctuate with great violence. Oil is £120 a ton, and the next moment it is £100, and then it is flying sky-high again, so one cannot tell.

552. You have the advantage of things going down, but I am afraid the railways do not. You would agree with me it is undesirable, if the Inquiry gets settled the year after next, to re-open it two years afterwards. You would agree that is undesirable?—Quite.

553. Having regard to the conditions, as they are at present, do you think 15 per cent. is sufficient margin to avoid that risk?—I should imagine it was, if you start out with reasonable rates from the beginning.

554. Mr. *Martin*: If the traders get the Tribunal they want, and a Tribunal they can trust, do not you think it would be wiser to have no maxima, and leave it in the hands of the Tribunal?—I think I would sooner see the maxima fixed, whatever the percentage was, in view of the fact that, after all, Parliament always does claim to have a voice in the railway companies. They are public utility companies, which are essential to the country.

555. I agree with Mr. *Acworth* that it is not an easy thing to get a Bill through Parliament. It is not an easy thing to get a controversial Bill through Parliament, and whenever you go to Parliament for increased railway rates you have a tremendous amount of opposition. As a trader, I put it to you, is it fair to put the railway company in that position, provided you have a tribunal which you think you can trust to do what is right?—Well, my only reason against it is that if I were one of the tribunal myself I should prefer, instead of having absolutely autocratic powers, that my powers should be limited within certain defined rules, so that I can go to a certain extent, but I cannot go further, as I have not got unlimited powers. After all, I am suggesting that that tribunal, without wishing to cast any aspersions on them, are all human, and the tribunal might have very, very great political pressure brought to bear on them.

Mr. *Martin*: I hope not.

556. *Chairman*: I hope not, too. After all, if the policies were on that side, the people then in power would be on that side, too, and the Act of Parliament would go through without any hesitation. If it had not been for the Ministry of Transport Act, nobody could have given the railway companies any help worth speaking of. Even if we had your 15 per cent. limit, we should have been hopelessly out of it, at the present time, in giving them something to go on with. But we do not anticipate another war on top of this.

Chairman: Not another war, but I do not know what is going to happen on the industrial side.

Sir *Lynden Macassey*: I have arranged in the case of General Long, just as in the case of Mr. Marshall Stevens, if ultimately I wish to put any questions to him, he will come back.

Chairman: Very well.

(Adjourned till to-morrow morning.)